

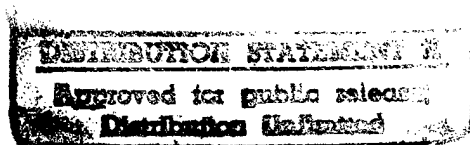
GAO

Report to the Acting Assistant Secretary
of the Navy (Financial Management and
Comptroller)

April 1998

FINANCIAL MANAGEMENT

Profile of Navy and Marine Corps Financial Managers



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United States
General Accounting Office
Washington, D.C. 20548

Accounting and Information
Management Division

B-279264

April 15, 1998

Ms. Gladys J. Commons
Acting Assistant Secretary of the Navy
(Financial Management and Comptroller)

Dear Ms. Commons:

As highlighted in our February 1997 high-risk series report,¹ one of the greatest challenges to improving financial management throughout the Department of Defense (DOD) is establishing a well-qualified, professional financial management workforce. Our objective in a series of assignments is to provide information on qualifications, such as formal education, training, and professional certifications, and professional work experience of personnel serving in key financial management positions in DOD. Due to concerns on the part of DOD officials regarding the completeness of personnel databases and personnel files, we are obtaining this information from biographies and/or profile instruments provided by each manager.

This is the fourth of our planned reports on the qualifications and experience of DOD's financial management workforce. It contains information we obtained on key financial managers in the Department of the Navy. We have already issued reports on key financial managers within the Office of the Under Secretary of Defense (Comptroller)² and the Departments of the Air Force³ and Army.⁴ Also, we plan to issue a report on the Defense Finance and Accounting Service. As agreed with DOD officials, our reviews are confined to key financial management positions. These positions most often include comptrollers, deputy comptrollers, and budget officers at major commands and installations. These reports can help Defense agencies in shaping their plans to enhance the qualifications and work experience, such as formal education and training, of their financial management workforce, as necessary. In addition, the reports provide baseline information that can be helpful in monitoring progress. Our final report in this series will discuss the qualifications and professional work experience of personnel serving in key financial management positions across DOD relative to those in private sector

¹High-Risk Series: Defense Financial Management (GAO/HR-97-3, February 1997).

²Financial Management: Profile of DOD Comptroller/CFO Financial Managers (GAO/AIMD-97-97, June 27, 1997).

³Financial Management: Profile of Air Force Financial Managers (GAO/AIMD-98-4, November 26, 1997).

⁴Financial Management: Profile of Army Financial Managers (GAO/AIMD-98-53, February 25, 1998).

companies and large state governments. We will also identify those steps DOD has taken and others it should consider implementing to enhance its financial management workforce to fully meet the objectives of the Chief Financial Officers (CFO) Act.

This report provides qualification and professional work experience information on 4 Navy financial management executives and 194 of 306 key financial managers representing 90 of the 126 Navy and Marine Corps organizations included in our review.

Results in Brief

The four Navy financial management executives included in this review are the Assistant Secretary of the Navy (Financial Management and Comptroller); the Principal Deputy Assistant Secretary of the Navy (Financial Management and Comptroller); the Director, Office of Financial Operations; and the Director, Office of Budget. Each of the executives had attained bachelor's degrees and three of the four executives also held master's degrees. The Assistant Secretary had spent 27 years at DOD and 5 years in the private sector. The other three executives had DOD careers ranging from 23 to 32 years, with two of these executives also spending part of their careers in another government agency or the private sector. One of the executives held a professional certification.

Of the 194 other key Navy and Marine Corps financial managers responding to our review:

- About 23 percent (44) were military officers, serving mainly as comptrollers at major commands and installations, and 77 percent (150) were civilian personnel serving mainly in comptroller and budget officer positions at installations.
- All 44 officers and 122 of the 150 civilians reported holding bachelor's degrees, with 5 of these respondents reporting more than one major. About 28 percent of these 166 managers majored in accounting, while approximately 43 percent reported degrees in business-related majors other than accounting.
- Eighty respondents (39 officers and 41 civilians) also reported holding master's degrees, with 8 of these respondents reporting more than one major. Six of these 80 managers held master's degrees in accounting, while about 78 percent reported degrees in business-related majors other than accounting.
- The officers' careers ranged from 4 to 33 years, averaging 21 years, while the civilians' careers ranged from 8 to 55 years, averaging 27 years. About

62 percent of all respondents, officers and civilians, reported performing several financial management-related functions included in our review throughout their careers.

- One-hundred-sixty respondents (28 officers and 132 civilians) reported completing training (referred to as continuing professional education in the profile instrument) in one or more of the categories included in our review during 1995 and 1996. Of these 160 managers, (1) about 94 percent listed general topics, such as computers, supervision, strategic planning, and communication skills, as examples of the training completed, (2) 61 percent reported completing financial-related training, and (3) about 44 percent reported completing accounting-related training, such as accounting standards and financial reporting.
- About 22 percent of the 194 respondents reported holding one or more professional certifications. The 42 managers in this group reported holding accounting and other financial management-related certifications, as follows: 13 were Certified Public Accountants (CPA),⁵ 23 were Certified Government Financial Managers (CGFM),⁶ and 9 held other certifications, including the Certified Management Accountant and Certified Fraud Examiner.

Requirements for Financial Managers

The CFO Act of 1990 was enacted to address longstanding problems in financial management in the federal government. The act established CFO positions throughout the federal government and mandated that, within each of the largest federal departments and agencies, the CFO oversee all financial management activities relating to the programs and operations of the agency. Among the key responsibilities of CFOs are overseeing the recruitment, selection, and training of personnel to carry out agency financial management functions.

Recognizing that a qualified workforce was fundamental to achieving the objectives of the CFO Act and other related management reform legislation aimed at improving federal financial management, the Human Resources Committee of the Chief Financial Officers Council and the Joint Financial

⁵The CPA certification program has existed since 1917. State organizations administer this program, awarding the certificate based on the applicant's formal education, professional work experience, and successful completion of a comprehensive examination developed by the American Institute of Certified Public Accountants.

⁶The CGFM program was initiated by the Association of Government Accountants in July 1994. Until June 30, 1996, the certificate was awarded based on an evaluation of an applicant's formal education and professional work experience in government financial management. Since then, certifications have also required the successful completion of three comprehensive examinations covering (1) the governmental environment, (2) governmental accounting, financial reporting, and budgeting, and (3) governmental financial management and control.

Management Improvement Program (JFMIP)⁷ have proposed improvements addressing the recruitment, training, retention, and performance of federal financial management personnel. In November 1995, JFMIP published the Framework for Core Competencies for Financial Management Personnel in the Federal Government,⁸ designed to highlight the knowledge, skills, and abilities that accountants, budget analysts, and other financial managers in the federal government should possess or develop to perform their functions effectively in accordance with the CFO Act. JFMIP stressed the need for federal government financial managers to be well-equipped to contribute to financial management activities, such as the execution of budgets under increasingly constrained resource caps and the preparation, analysis, and interpretation of consolidated financial statements.

A primary goal in this body of work is to obtain and share with DOD information on the formal education, professional work experience, training, and professional certifications of key financial managers in the department, including the Office of the Under Secretary of Defense (Comptroller), each of the military services, and the Defense Finance and Accounting Service.

Objective, Scope, and Methodology

The objective of this assignment is to provide information on the formal education, professional work experience, training, and professional certifications of personnel serving in key financial management positions in the Navy and Marine Corps. We obtained this information from biographies and profile instruments due to the concerns of Navy officials regarding the completeness of personnel databases and personnel files. We worked with Navy officials to determine the key financial management positions to be included in this review. These positions typically included comptrollers, deputy comptrollers, and budget officers at Navy and Marine Corps major commands and installations. As agreed with the Navy, we did not verify the information contained in the profiles provided by the respondents. A more detailed discussion of our scope and methodology, including a description of how we obtained qualifications and work experience data, is in appendix I.

We performed our audit work from March 1997 through January 1998 in accordance with generally accepted government auditing standards. The

⁷JFMIP is a joint and cooperative undertaking of the Office of Management and Budget, General Accounting Office, Department of the Treasury, and Office of Personnel Management to improve and coordinate financial management policies and practices throughout the government.

⁸Framework for Core Competencies for Financial Management Personnel in the Federal Government, a joint project of the Human Resources Committee of the Chief Financial Officers Council and the Joint Financial Management Improvement Program, November 1995.

Assistant Secretary of the Navy (Financial Management and Comptroller) provided comments on a draft of this report. These comments are discussed in the "Agency Comments and Our Evaluation" section of this report and are reprinted in appendix VIII.

Profile of Navy Financial Management Executives

Table 1 provides information on the formal education, careers, and professional certifications of the Department of the Navy's four executives included in our review. All four held bachelor's degrees and three also held master's degrees. Majors associated with their bachelor's degrees included mathematics, education, accounting, and engineering, while those associated with their master's degrees included public financial management, business administration, operations research, and Middle East Affairs and Arabic. The Assistant Secretary had spent 27 years at DOD and 5 years in the private sector. The other three executives' DOD careers ranged from 23 to 32 years. In addition to her years at DOD, the Principal Deputy Assistant Secretary had spent 2 years at the Social Security Administration. The Director of the Office of Financial Operations had spent 2 years in the private sector and as an adjunct professor; he had also served as a part-time instructor of graduate and undergraduate level accounting and financial management courses over a 10-year period. A review of biographical information provided to us showed that three of the executives had served in financial management-related positions during most of their DOD careers. One of the executives also held a professional certification. The Director, Office of Financial Operations was a Certified Public Accountant.

Table 1: Profile of Navy Financial Management Executives

Assistant Secretary of the Navy (Financial Management and Comptroller)	
Formal Education	Bachelor's Degree in Mathematics
Career	DOD - 27 years; private sector - 5 years
Certifications	None
Principal Deputy Assistant Secretary of the Navy (Financial Management and Comptroller)	
Formal Education	Bachelor's Degree in Education Master's Degree in Public Financial Management
Career	DOD - 26 years; other federal government - 2 years
Certifications	None
Director, Office of Financial Operations	
Formal Education	Bachelor's Degree in Accounting Master's Degree in Business Administration
Career	DOD - 23 years; private sector - 2 years; adjunct professor of accounting and financial management - 10-year period (part time)
Certifications	Certified Public Accountant
Director, Office of Budget	
Formal Education	Bachelor's Degree in Engineering Master's Degree in Operations Research Master's Degree in Middle East Affairs and Arabic
Career	DOD - 32 years
Certifications	None

Profile of Navy and Marine Corps Key Financial Managers

In collaboration with Navy officials, we identified 306 key financial managers across the department for this review, of which 194 (or 63 percent) responded by providing information on their qualifications and experience. Respondents included

- the 7 managers from the Office of the Assistant Secretary of the Navy (Financial Management and Comptroller)—ASN/FM&C;
- 74 of 128 managers from four Navy operational commands and their installations;
- 12 of 17 managers from the Chief of Naval Education and Training (CNET) and its installations;

- 68 of 110 managers from the Naval Sea Systems Command, Naval Air Systems Command, Naval Supply Systems Command, and Naval Facilities Engineering Command and (1) shipyards, weapon stations, aviation depots, fleet industrial supply centers, and public work centers which perform supply and maintenance support to other Navy and Marine Corps organizations on a reimbursable basis and (2) air and surface warfare centers responsible for the research, development, test, and evaluation (RDT&E) and procurement of Navy aeronautical, electronics, ship, and submarine systems; and
- 33 of 44 managers from Headquarters, U.S. Marine Corps and its commands and installations.

The seven ASN/FM&C respondents performed roles including financial operations, financial management/accounting policy, and/or budget execution. The 187 respondents from Navy and Marine Corps major commands and installations included 71 comptrollers, 47 deputy comptrollers, 67 budget officers, and 2 working capital fund⁹ managers.

About 23 percent of the 194 respondents were military officers. The 44 officers served mainly as comptrollers at major commands and installations, and the 150 civilians served most often as comptrollers and budget officers at installations. Table 2 provides a breakout of the officers and civilians by rank and grade, respectively.

Table 2: Number of Officer and Civilian Respondents

Officers		Civilians	
Rank ^a	Number	Grade	Number
Rear Admiral/Brigadier General (O-7)	0	Senior Executive	12
Captain/Colonel (O-6)	14	15	28
Commander/Lieutenant Colonel (O-5)	17	14	31
Lieutenant Commander/Major (O-4)	8	13	38
Lieutenant/Captain (O-3)	5	12	35
Lieutenant (Junior Grade)/First Lieutenant (O-2)	0	11	6
Total	44	Total	150

^aThe first rank shown relates to Navy officers, while the second relates to Marine Corps officers.

⁹Working capital fund activities sell goods and services to the military services and defense agencies with a goal of operating on a break-even basis. Customers generally reimburse these activities from their operation and maintenance or other appropriated fund accounts.

Formal Education Attained

Over 85 percent (the 44 officers and 122 of 150 civilians) of the 194 respondents reported holding bachelor's degrees, and 41 percent (39 officers and 41 civilians) also reported holding master's degrees.

Five of the 166 respondents holding bachelor's degrees reported more than one major. A review of the profiles showed that 47 managers, or about 28 percent of these respondents, reported accounting majors, 73 managers reported other business-related majors, and 48 managers reported that one or more of their majors were not business related. Table 3 shows the bachelor's degree majors reported by the 166 Navy and Marine Corps financial managers.

Table 3: Bachelor's Degree Majors Reported by Navy and Marine Corps Financial Managers

Majors	Number of bachelor's degree majors		Total degrees by major
	Officers	Civilians	
Accounting	4	43	47
Other business	22	51	73
Nonbusiness	19	32	51
Total degrees	45	126	171

Eight of the 80 respondents holding master's degrees reported more than one major. A review of the profiles showed that, of these 80 managers, 6 reported accounting majors, 62 reported one or more other business-related majors, and 15 reported one or more nonbusiness-related majors. Table 4 shows the master's degree majors reported by the 80 respondents.

Table 4: Master's Degree Majors Reported by Navy and Marine Corps Financial Managers

Majors	Number of master's degree majors		Total degrees by major
	Officers	Civilians	
Accounting	2	4	6
Other business	37	29	66
Nonbusiness	7	9	16
Total degrees	46	42	88

The key financial managers were also requested to provide information on the number of accounting-related subjects completed as part of their formal education. Of the 194 respondents, 176 had completed one or more of these subjects, as follows:

- 1-2 subjects: 20 (5 officers and 15 civilians),
- 3-5 subjects: 44 (9 officers and 35 civilians), and
- 6 or more subjects: 112 (28 officers and 84 civilians).

Included in this latter group were 109 (or about 56 percent of the 194 respondents) who reported completing both principles of accounting and intermediate accounting, along with at least four other subjects. Based solely on a review of their formal education, these 109 managers appear to have met the requirements to serve in federal GS-510 accountant¹⁰ positions.

Professional Work Experience Acquired

A review of the profiles showed that the 44 officers' careers ranged from 4 to 33 years, averaging 21 years, while the 150 civilians' careers ranged from 8 to 55 years, averaging 27 years. Both officer and civilian respondents, with a few exceptions, had spent most of their careers in DoD. Also, about 62 percent of all respondents reported that they had performed several of the financial management-related functions included in our review during their careers.

Figures 1 and 2 show the average number of years of work experience by rank for the officers and by grade for the civilians, respectively.

¹⁰The typical educational requirement for GS-510 accountants is 24 credit hours in accounting-related subjects. A person completing principles of accounting and intermediate accounting subjects (typically two courses of each) and four other subjects would generally meet this hour requirement. A civilian employee could also be classified as a GS-510 with fewer than 24 hours of accounting-related courses if a review of his or her formal education, training, and experience so warrants.

Figure 1: Professional Work Experience Reported by Navy and Marine Corps Financial Managers—Officers

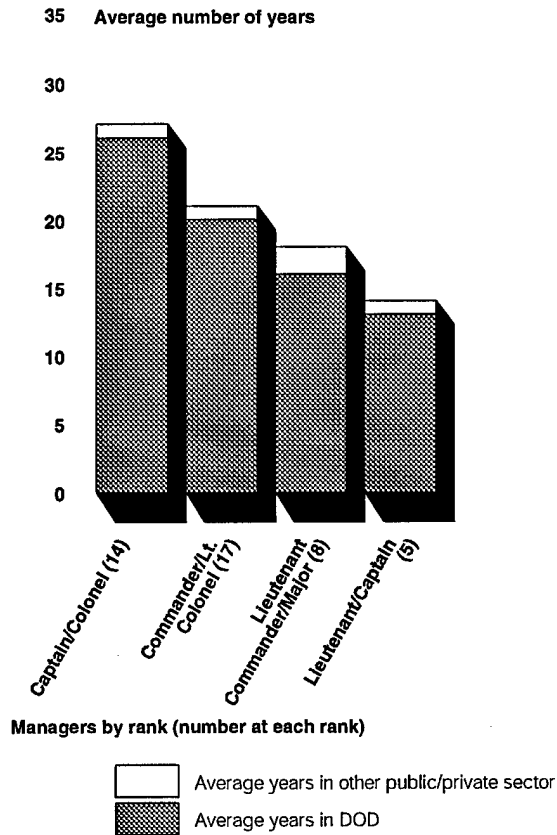
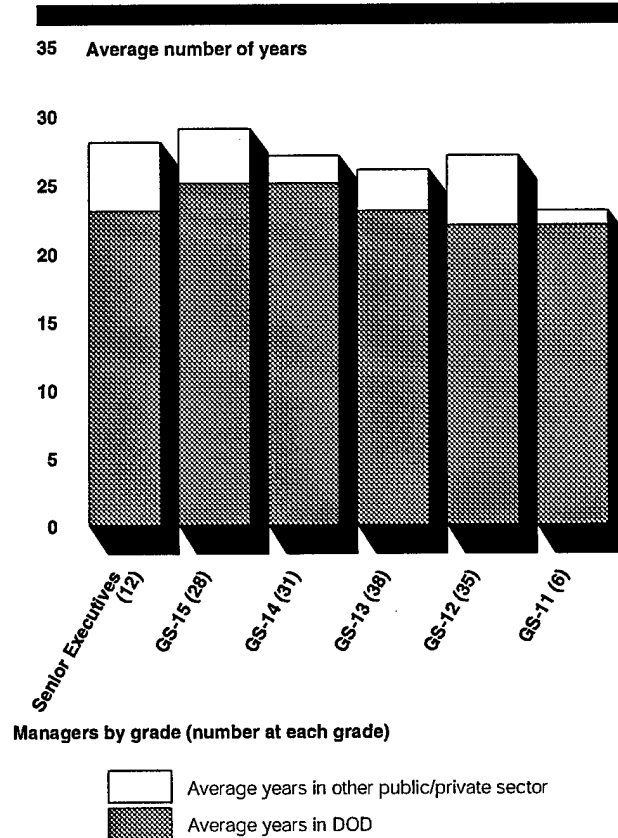


Figure 2: Professional Work Experience Reported by Navy and Marine Corps Financial Managers—Civilians



In collaboration with Navy officials, we identified five functions which are often performed by personnel serving in key financial management positions, including:

- financial statement preparation—preparing annual financial statements and footnotes;
- financial reporting/accounting policy—preparing financial reports and consulting on the application of accounting policy;
- financial analysis—performing tasks associated with cost accounting, business process improvements, budgeting, cash flow analysis, cost analysis, revenue and expenditure forecasting, and other analysis of financial position and operations;
- accounting operations—recording and reporting accounting transactions; and

- accounting systems development and maintenance—performing tasks associated with the functional design and maintenance of accounting and finance systems.

Thirty officers and 90 civilians (or about 62 percent of the 194 respondents) reported that they had performed three or more of these functions during their careers. Figures 3 and 4 show the number of officers and civilians who had performed each function at sometime during their careers, and the average number of years of experience in each function. For example, figure 3 shows that 38 of the 44 officers had performed financial analysis-related tasks for an average of 7 years.

Figure 3: Experience in Financial Management Functions Reported by Navy and Marine Corps Financial Managers—Officers

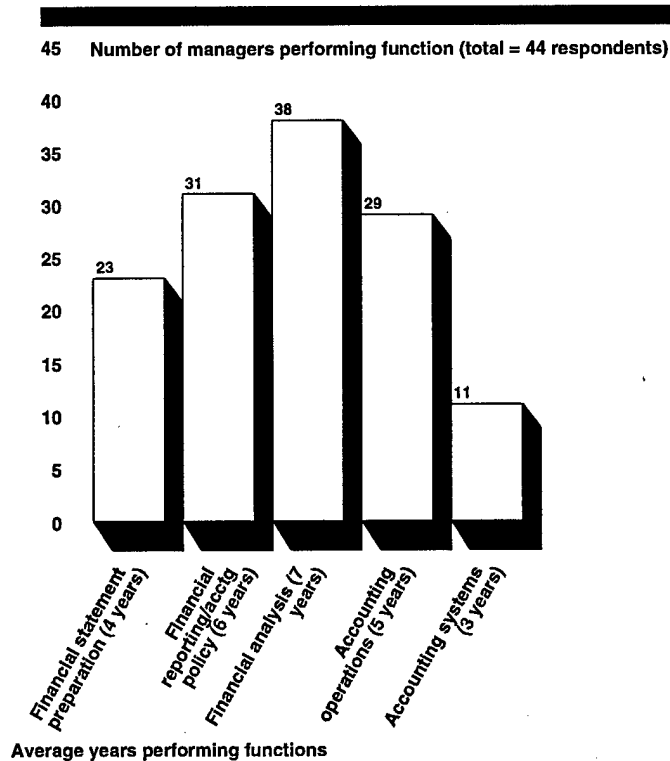
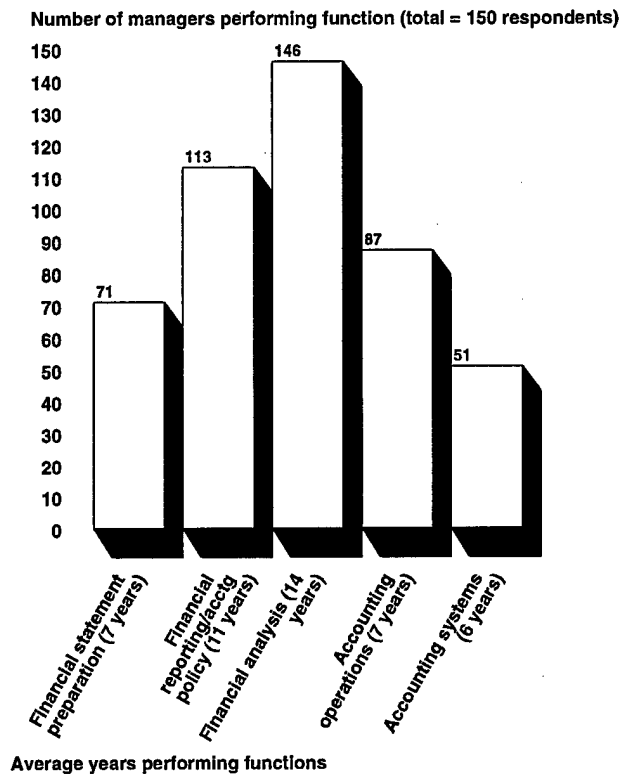


Figure 4: Experience in Financial Management Functions Reported by Navy and Marine Corps Financial Managers—Civilians

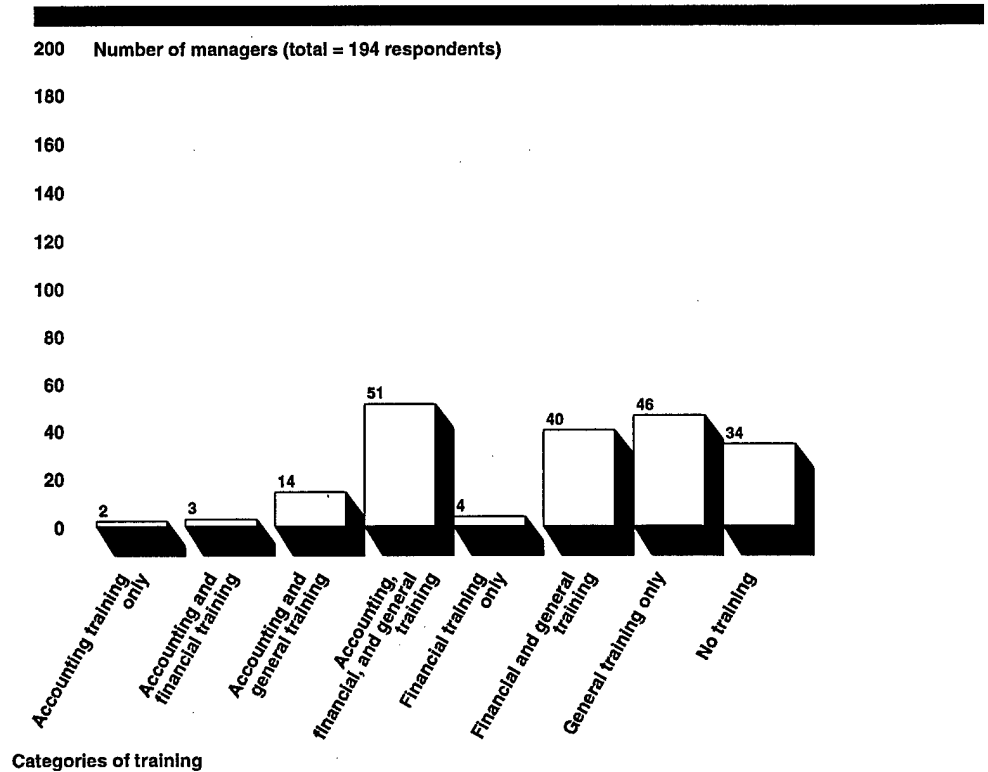


Training Completed During 1995 and 1996

During 1995 and 1996, about 64 percent of the officers and 88 percent of the civilians reported completing some training in one or more of the categories included in our review. Of these 160 managers (28 officers and 132 civilians) receiving training, (1) 94 percent listed general topics, such as computers, supervision, strategic planning, and communications skills, as examples of the training they had completed, (2) 61 percent reported completing some training in financial topics, and (3) about 44 percent reported completing training in accounting topics, such as accounting standards and financial reporting. Also, a review of the profiles showed that 46 managers completed only general training and 34 other managers had not completed any training. Therefore, 41 percent of the 194 respondents had not received any accounting or financial training for those 2 years.

Figure 5 shows the training reported as being completed by the 194 respondents during the 2-year period.

Figure 5: Training Reported by Navy and Marine Corps Financial Managers as Being Completed During 1995 and 1996



A review of the profiles showed

- total receiving accounting-related training: 70 (17 officers and 53 civilians),
- total receiving financial-related training: 98 (21 officers and 77 civilians),
- total receiving training in general topics: 151 (23 officers and 128 civilians), and
- total not receiving training: 34 (16 officers and 18 civilians).

Professional Certifications Held

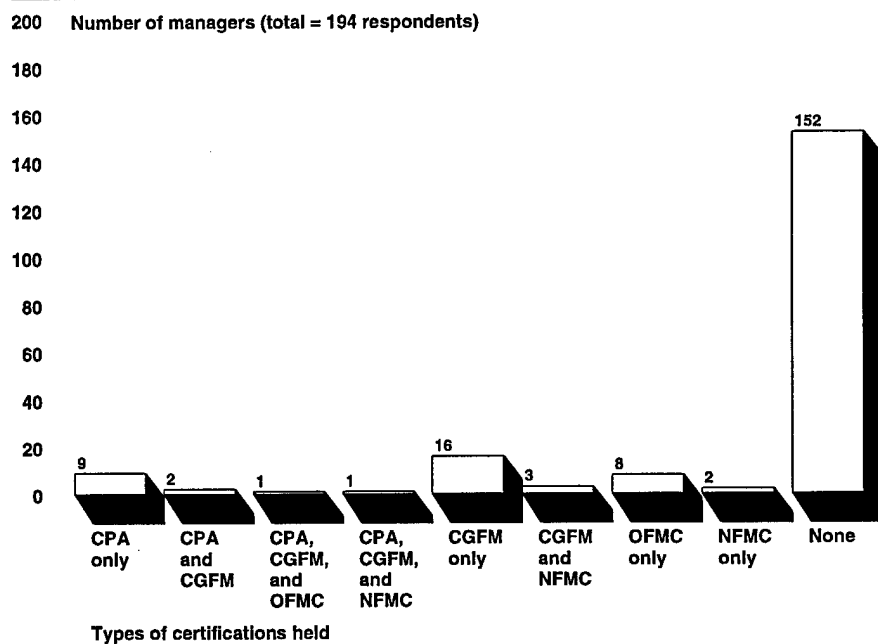
About 22 percent of the 194 respondents reported holding one or more professional certifications. A review of the profiles showed that, of these 42 managers,

- 13 were CPAs (1 officer and 12 civilians),
- 23 were CGFMS (3 officers and 20 civilians),

- 9 held other financial management certifications, including the Certified Management Accountant and Certified Fraud Examiner (3 officers and 6 civilians), and
- 6 reported holding nonfinancial management certifications (1 officer and 5 civilians).

Of the 152 managers that did not hold any professional certifications, 37 were officers and 115 were civilians. Figure 6 shows the types of professional certifications reported by the 194 Navy and Marine Corps financial managers.

Figure 6: Professional Certifications Reported by Navy and Marine Corps Financial Managers



CPA: Certified Public Accountant

CGFM: Certified Government Financial Manager

OFMC: Other financial management certifications

NFMC: Nonfinancial management certifications

Appendixes II through VII provide the formal education, professional work experience, training, and professional certification data reported by the 44 officers and 150 civilians by their respective organizations, including:

- ASN/FM&C in appendix II;
- four Naval operational commands and 34 of their 50 installations in appendix III;
- the Chief of Naval Education and Training (CNET) and six of its seven installations in appendix IV;
- Naval Sea Systems Command, Naval Air Systems Command, Naval Supply Systems Command, and Naval Facilities Engineering Command and 19 of their 28 working capital fund installations, including shipyards, weapon stations, aviation depots, fleet industrial supply centers, and public work centers in appendix V;
- Naval Sea Systems Command and Naval Air Systems Command and 9 of their 13 air and surface warfare centers responsible for the research, development, test, and evaluation (RDT&E) and procurement of Navy aeronautical, electronics, ship, and submarine systems in appendix VI; and
- Headquarters, U.S. Marine Corps and 12 of its 17 commands and installations in appendix VII.

Agency Comments and Our Evaluation

In commenting on a draft of this report, the Navy indicated that the information will be useful in its continuing efforts to ensure that all of its financial managers are able to address the financial management needs of the department. The Navy provided two additional comments:

- While acknowledging that accounting training and experience are becoming increasingly relevant to the financial management working environment, it stated that the report placed too much emphasis on the accounting discipline.
- It stated that professional certifications in and of themselves may not always be a useful indicator, adding that it has chosen to emphasize continuing education as more useful in maintaining a flexible and broad-based financial management workforce.

Our report presents information on a number of measures relating to qualifications and experience of key Navy financial managers. As agreed with Navy officials when we initiated this profiling work, information on formal education and training, including accounting training, and professional certification are among such important measures. The key Navy financial managers surveyed are responsible for accurately recording

and including the results of transactions in financial and budgetary reports and statements for one of the largest entities in the federal government, with worldwide operations. It is important that this information be reliable, given its intended use for managerial and budgetary decisions.

We recently reported that the Navy, to an even greater extent than the other military services, has been plagued for years by troublesome financial accounting and reporting problems involving billions of dollars.¹¹ Continuing errors, misstatements, and internal control weaknesses have precluded the Naval Audit Service from rendering anything other than a disclaimer of opinion on the Navy's financial statements. In that context, and as the Navy response indicates, the profiling information, including formal education, professional work experience, training, and professional certifications, will help the department evaluate its military and civilian career programs to help ensure that Navy financial managers provide the best possible service to customers.

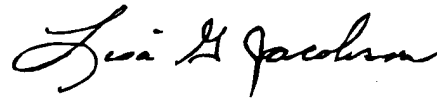
Regarding Navy's comment that it has chosen to emphasize continuing education rather than professional certifications for its financial management workforce, our point is that certifications, with accompanying requirements for continuing professional education, can be used as one vehicle in ensuring that financial managers receive necessary training on an ongoing basis. The Navy's comments are reprinted in appendix VIII.

We are sending copies of this report to the Chairmen and Ranking Minority Members of the Senate Committee on Governmental Affairs; the House Committee on Government Reform and Oversight; and the Subcommittee on Government Management, Information and Technology of the House Committee on Government Reform and Oversight; the Secretary of Defense; and the Director of the Office of Management and Budget. Copies will also be made available to others upon request.

¹¹CFO Act Financial Audits: Programmatic and Budgetary Implications of Navy Financial Data Deficiencies (GAO/AIMD-98-56, March 16, 1998).

If you have any questions about this report, please contact me at (202) 512-9095. Major contributors to this report are listed in appendix IX.

Sincerely yours,

A handwritten signature in black ink, reading "Lisa G. Jacobson". The signature is written in a cursive style with a large, stylized "L" and "J".

Lisa G. Jacobson
Director, Defense Audits

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Abbreviations

ASN/FM&C	Assistant Secretary of the Navy (Financial Management and Comptroller)
CNET	Chief of Naval Education and Training
CGFM	Certified Government Financial Manager
CPA	Certified Public Accountant
CFO	Chief Financial Officer
DFAS	Defense Finance and Accounting Service
DOD	Department of Defense
FMFIA	Federal Managers Financial Integrity Act
GMRA	Government Management Reform Act
GPRA	Government Performance and Results Act
JFMIP	Joint Financial Management Improvement Program
MSC	Military Sealift Command
NFMC	Nonfinancial Management Certifications
O&M	Operation and Maintenance
OFMC	Other Financial Management Certifications
RDT&E	Research, Development, Test, and Evaluation

Scope and Methodology

In collaboration with Navy officials, we identified senior executives and financial managers from the Navy and Marine Corps to be included in this review as those serving in key positions throughout the department. The four senior executives in the Office of the Assistant Secretary of the Navy (Financial Management and Comptroller) (ASN/FM&C) included the Assistant Secretary of the Navy (Financial Management and Comptroller); the Principal Deputy Assistant Secretary of the Navy (Financial Management and Comptroller); the Director, Office of Financial Operations; and the Director, Office of Budget. The 306 key financial management positions selected for this review included:

- 7 from ASN/FM&C involved in financial operations, financial management/accounting policy, and/or budget execution-related functions and
- 299 (including comptrollers, deputy comptrollers, budget officers, and working capital fund managers) from 126 Navy and Marine Corps major commands and installations involved in (1) operations, (2) training, (3) supply and maintenance, and (4) research, development, test, evaluation, and procurement of Navy and Marine Corps systems, such as aeronautics, electronics, ships, and submarines.

In addition to the 4 senior executives, 194 financial managers located at 89 of the 126 organizations responded to this review. The 194 respondents included the 7 ASN/FM&C managers and 187 managers from major commands and installations made up of 71 comptrollers, 47 deputy comptrollers, 67 budget officers, and 2 working capital fund managers.

Table I.1 identifies the Navy and Marine Corps major commands, the number of their installations, and information on the key financial managers included in this review.

Table I.1: Navy and Marine Corps Command and Installation Key Financial Managers Included in This Review

Navy Operational Organizations

Commander in Chief, U.S. Atlantic Fleet and 15 of its 22 installations (27 of the 55 managers responding included 10 comptrollers, 7 deputy comptrollers, and 10 budget officers)

Commander in Chief, U.S. Pacific Fleet and 12 of its 21 installations (27 of the 50 managers responding included 11 comptrollers, 6 deputy comptrollers, and 10 budget officers)

Commander in Chief, U.S. Navy in Europe and its two installations (eight of the nine managers responding included two comptrollers, three deputy comptrollers, and three budget officers)

Commanding Officer, Military Sealift Command and its five installations (12 of the 14 managers responding included 6 comptrollers, 2 deputy comptrollers, and 4 budget officers)

Navy Training Organizations

Chief of Naval Education and Training Command and six of its seven installations (12 of the 17 managers responding included 6 comptrollers, 1 deputy comptroller, and 5 budget officers)

Navy Working Capital Fund Organizations

Naval Sea Systems Command, Naval Air Systems Command, Naval Supply Systems Command, and Naval Facilities Engineering Command and 19 of their 28 installations, including shipyards, weapon stations, aviation depots, fleet industrial supply centers, and public work centers (49 of the 79 managers responding included 18 comptrollers, 14 deputy comptrollers, 15 budget officers, and 2 working capital fund managers)

Navy Systems Command Organizations

Naval Sea Systems Command and Naval Air Systems Command and 9 of their 13 air and surface warfare centers (24 of the 37 managers responding included 9 comptrollers, 7 deputy comptrollers, and 8 budget officers)

Marine Corps Organizations

Headquarters, U.S. Marine Corps and 12 of its 17 installations, such as operational, training, working capital, and systems (33 of the 44 managers responding included 11 comptrollers, 9 deputy comptrollers, and 13 budget officers)

Note: The comptrollers and deputy comptrollers at Naval Sea Systems Command and Naval Air Systems Command and the budget officer at Naval Air Systems Command were included in our review of both working capital fund and systems command organizations.

We obtained fiscal year 1997 Navy and Marine Corps budget data, including operation and maintenance (O&M); research, development, test and evaluation (RDT&E); and procurement funding from the ASN/FM&C budget office. Those major commands and installations identified for this review managed \$52 billion of approximately \$80 billion budgeted for the Navy and Marine Corps during fiscal year 1997.

In an August 1988 report,¹ GAO proposed a framework for evaluating the quality of the federal workforce over time. Quantifiable measures identified in that report include specific knowledge, skills, and abilities. Using this report and the JFMP study on core competencies, and in collaboration with DOD representatives, we identified four indicators to measure the attributes that key financial managers can bring to their positions. These indicators include formal education, professional work experience, training, and professional certifications. These attributes are being used to measure the qualifications and experience of key financial managers in the five DOD organizations included in our reviews.

We then worked with Navy officials in developing a data collection instrument to gather the following types of information for each indicator:

- Formal education: degrees attained, academic majors, and specific accounting and financial-related courses completed.
- Professional work experience: (1) number of years worked in current position, years at DOD, years in other government agencies, and years in the private sector and (2) experience in the five specific financial management-related functions.
- Training (referred to as continuing professional education in the profile instrument): for the period of 1995-1996, specific training related to accounting, other financial-related topics, and general topics.
- Professional certifications: CPA, CGFM, other financial certifications, and other nonfinancial management certifications held.

For the four Navy executives, we obtained information on their formal education, careers, and professional certifications from biographies provided by these officials. For all other individuals, due to Navy officials' concerns over the completeness of personnel files and databases, we also agreed to collect information on the four indicators using profile instruments. This procedure is being used for collecting qualification and experience information from all DOD organizations in this series of assignments.

The Navy liaisons sent profile instruments to the key Navy and Marine Corps financial managers in the Office of the Assistant Secretary of the Navy (Financial Management and Comptroller) and major commands and installations identified for this review. The liaisons and we contacted those financial managers who did not initially respond as well as those managers

¹Federal Workforce: A Framework for Studying Its Quality Over Time (GAO/PEMD-88-27, August 4, 1988).

whose profile instruments were returned with incomplete information. Through these efforts, we received complete profile information from the four Navy executives and 63 percent of the key financial managers identified for this review. Figure I.1 contains the profile instrument we used to obtain personnel qualification and experience information from the key financial managers.

As agreed with the Navy, we did not attempt to verify the information contained in the profiles. However, as noted above, for incomplete instruments, the Navy liaisons and we conducted follow-up efforts and obtained the missing information.

We conducted our work from March 1997 through January 1998 in accordance with generally accepted government auditing standards.

Figure I.1: Profile Instrument Used to Collect Qualification and Experience Information on Navy and Marine Corps Financial Managers

PROFILE OF DOD FINANCIAL PERSONNEL		
Name:	_____ Grade/Series or Rank: _____	
Position Title:	_____	
Command/Installation:	_____	
Location:	_____ Phone: (____) _____	
Primary Function Performed in Current Position (SELECT ONE):		
Finance Operations _____		
Accounting Functions _____		
Budget Execution/Analysis _____		
Cost/Financial Analysis _____		
Comptroller/Financial Mgmt. _____		
PROFESSIONAL CERTIFICATIONS		
Please complete the information requested for any of the following professional certifications that you hold. Also, identify any other certifications you hold and the date attained.		
Certified Public Accountant:	Year _____	State _____
Certified Management Accountant:	Year _____	
Certified Internal Auditor:	Year _____	
Certified Financial Planner:	Year _____	
Certified Government Financial Manager:	Year _____	
Others:	Year _____	
	Year _____	
_____	Year _____	

**Appendix I
Scope and Methodology**

EDUCATION

Please provide information regarding your formal education, including degree(s) attained, major(s), and accounting-related and other financial management-related courses completed. Place an "X" by the courses you have completed below as part of your undergraduate (U) or graduate (G) studies. Also, include other related courses not listed below. You may copy and add pages if more space is needed.

A.	Degree	Major Field of Study	Year
	Associate	_____	_____
	Bachelors	_____	_____
	Masters	_____	_____
	Other(Specify)	_____	_____

B. Accounting-related courses (place an "X" by those courses you have completed and add any related courses):

Principles of Accounting	_____	U	_____	G
Intermediate Accounting	_____	U	_____	G
Advanced Accounting	_____	U	_____	G
Cost Accounting	_____	U	_____	G
Managerial Accounting	_____	U	_____	G
Governmental Accounting	_____	U	_____	G
Auditing	_____	U	_____	G
Taxes	_____	U	_____	G
Business Law	_____	U	_____	G
_____	_____	U	_____	G
_____	_____	U	_____	G
_____	_____	U	_____	G
_____	_____	U	_____	G

C. Other financial management-related courses (place an "X" by those courses you have completed and add any related courses):

Finance	_____	U	_____	G
Economics	_____	U	_____	G
Statistics	_____	U	_____	G
_____	_____	U	_____	G
_____	_____	U	_____	G
_____	_____	U	_____	G
_____	_____	U	_____	G

Appendix I
Scope and Methodology

CONTINUING PROFESSIONAL EDUCATION

This section requests information concerning the continuing professional education you have received from January 1, 1995 through December 31, 1996. For the table on page 4, please place an "X" by those subjects you have completed during the two-year period. If needed, you may attach another page for other courses you have completed during the two-year period.

**Appendix I
Scope and Methodology**

Subjects Completed in 1996 and 1995	1996	1995
General:		
Supervision		
Computer-Related		
Diversity-Related		
Personnel/Team Management		
Communication Skills		
Strategic Planning/Project Management		
Accounting Focus:		
CFC Act/Government Management Reform Act (GMRA)		
Accounting Standards and Procedures		
Accounting Policy		
Standard General Ledger		
Federal Financial Reports/Statements		
Plant, Property, and Equipment		
Liabilities		
Financial/Budget/Financial Management Focus:		
Government Performance and Results Act (GPRA)		
Budget Policy/Formulation		
Budget Execution		
Appropriations Law		
Federal Managers Financial Integrity Management Act (FMFIA)		
Civilian/Military Pay		
Travel Pay		
Vendor Pay		
Cost Estimate Analysis		
Others (Please list):		

Appendix I
Scope and Methodology

PROFESSIONAL WORK EXPERIENCE

1. Please indicate the number of years that you have worked in the following sectors since beginning your professional career, either after high school or college.

DOD: ____ years Other Government: ____ years Private Sector: ____ years

2. Provide the number of years you have been working in your current position: ____ years
3. Please provide the number of years during your career that you have worked in the following functions:

- a. Financial Statement Preparation: ____ years

(Included are those personnel who work primarily in preparing annual financial statements and footnotes <including adjusting entries, closing entries, and trial balances>).

- b. Financial Reporting/Accounting Policy: ____ years

(Included are those personnel who work primarily in preparing budget execution and financial reports, as well as those advising the preparers in their application of accounting policies.)

- c. Financial Analysis: ____ years

(Included are those personnel who work primarily in cost accounting, business process improvements, budgeting, cash flow analysis, cost analysis, revenue and expenditure forecasting, and other analysis of the financial position and operations.)

- d. Accounting Operations: ____ years

(Included are those personnel who work primarily in recording and reporting receivables, receipts, disbursements, payroll, payables (civilian and military/vendor/travel pay), inventory, liabilities, and property, plant, and equipment.)

- e. Accounting Systems Development and Maintenance: ____ years

(Included are those personnel who work primarily in the functional design and maintenance of accounting and finance systems.)

Profiles of Office of the Assistant Secretary of the Navy (Financial Management and Comptroller) Respondents

We included seven key financial managers in the Office of the Assistant Secretary of the Navy (Financial Management and Comptroller) (ASN/FM&C), all of whom provided information on their qualifications and experience. This population included one manager involved in financial operations, one manager in financial management/accounting policy, and five managers in budget execution functions. Table II.1 shows the officer and civilian composition of these managers, by rank and grade, respectively.

Table II.1: Number of Officer and Civilian Respondents

Officers		Civilians	
Rank	Number	Grade	Number
Rear Admiral (O-7)	0	Senior Executive	6
Captain (O-6)	1	15	0
Commander (O-5)	0	14	0
Lieutenant Commander (O-4)	0	13	0
Lieutenant (O-3)	0	12	0
Lieutenant (junior grade) (O-2)	0	11	0
Total	1	Total	6

Formal Education Attained

As shown in table II.2, seven respondents held bachelor's degrees, with one reporting more than one major. None of the seven managers majored in accounting and one manager reported a business-related major.

Table II.2: Bachelor's Degree Majors Reported by ASN/FM&C Financial Managers

Majors	Number of bachelor's degree majors		Total degrees by major
	Officers	Civilians	
Accounting	0	0	0
Other business	0	1	1
Nonbusiness	1	6	7
Total degrees	1	7	8

As shown in table II.3, three respondents also held master's degrees. One manager held a master's degree in accounting and another manager reported a business-related major.

Appendix II
Profiles of Office of the Assistant Secretary
of the Navy (Financial Management and
Comptroller) Respondents

Table II.3: Master's Degree Majors
Reported by ASN/FM&C Financial
Managers

Majors	Number of master's degree majors		
	Officers	Civilians	Total degrees by major
Accounting	0	1	1
Other business	0	1	1
Nonbusiness	1	0	1
Total degrees	1	2	3

Four respondents reported completing one or more courses in accounting-related subjects, as follows:

- 1-2 subjects: two civilians,
- 3-5 subjects: none, and
- 6 or more subjects: two civilians.

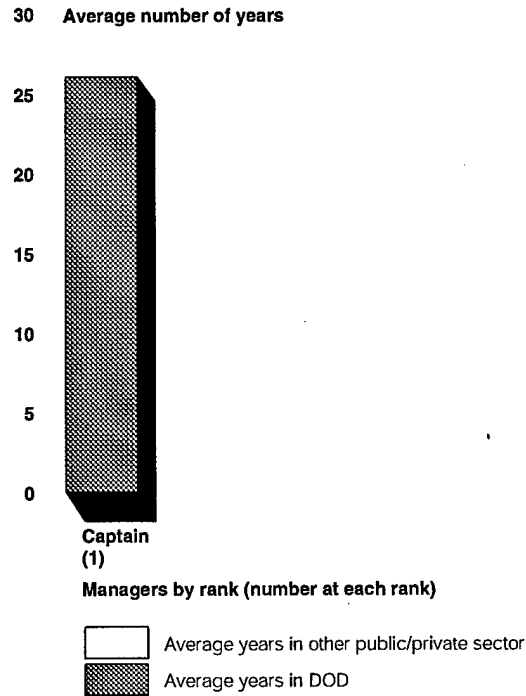
Based solely on a review of their formal education, the two civilians in the latter group appear to have met the requirements to serve in GS-510 accountant positions.

Professional Work Experience Acquired

A review of the profiles showed that the number of years of professional work experience was 26 years for the officer, and the average number of years was 23 years for the civilians, with a range of 18 to 31 years. With one exception, the respondents had spent most of their careers in DOD. Figures II.1 and II.2 show the work experience by rank for the officer and by grade for the civilians, respectively.

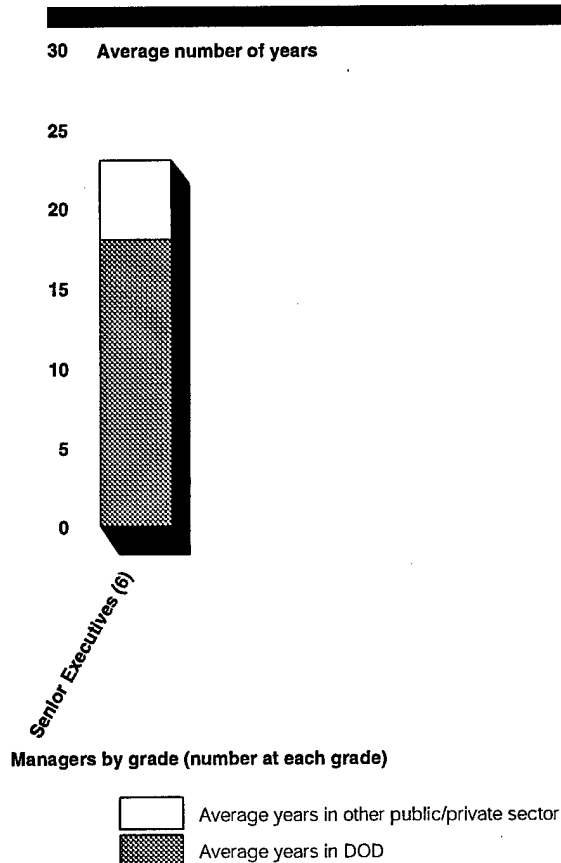
Appendix II
Profiles of Office of the Assistant Secretary
of the Navy (Financial Management and
Comptroller) Respondents

**Figure II.1: Professional Work
Experience Reported by ASN/FM&C
Financial Managers—Officers**



Appendix II
 Profiles of Office of the Assistant Secretary
 of the Navy (Financial Management and
 Comptroller) Respondents

Figure II.2: Professional Work
 Experience Reported by ASN/FM&C
 Financial Managers—Civilians

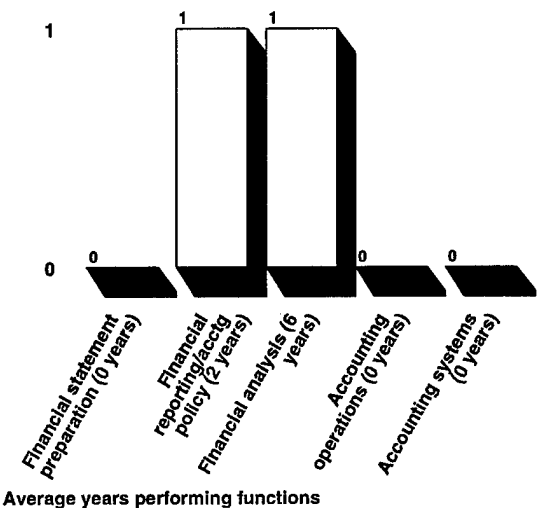


Figures II.3 and II.4 show the number of officers and civilians who indicated that they had performed each financial management function previously outlined at sometime during their careers, and the average number of years of experience in each function. Financial analysis was the function performed most frequently. A review of the profiles also showed that three civilians had performed three or more of these functions.

Appendix II
Profiles of Office of the Assistant Secretary
of the Navy (Financial Management and
Comptroller) Respondents

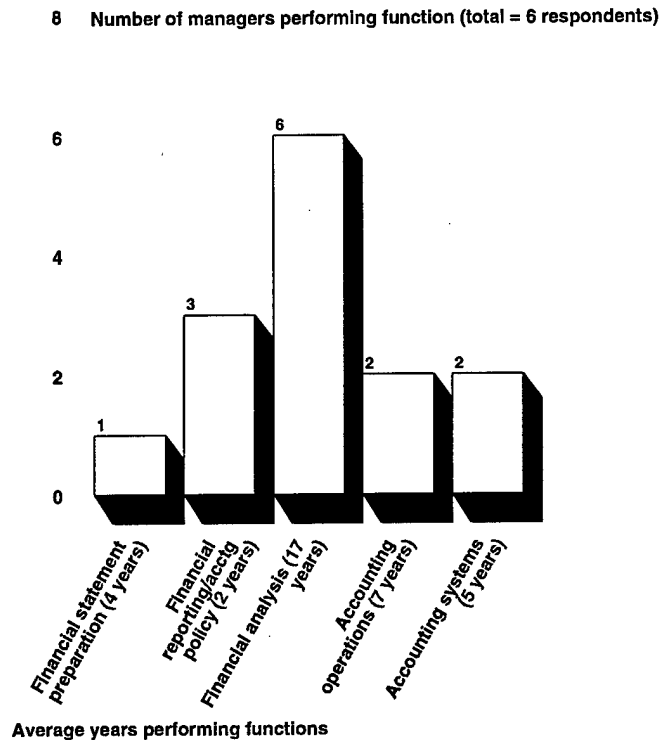
Figure II.3: Experience in Financial
Management Functions Reported by
ASN/FM&C Financial
Managers—Officers

2 Number of managers performing function (total = 1 respondent)



Appendix II
 Profiles of Office of the Assistant Secretary
 of the Navy (Financial Management and
 Comptroller) Respondents

Figure II.4: Experience in Financial Management Functions Reported by ASN/FM&C Financial Managers—Civilians

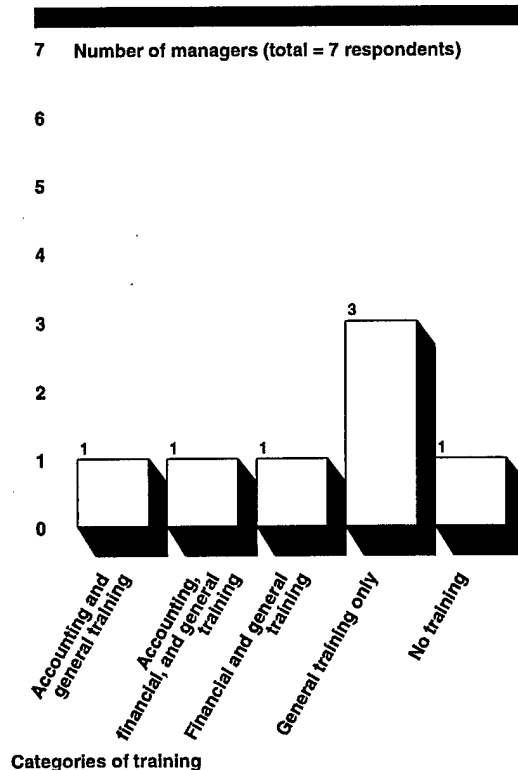


Training Completed During 1995 and 1996

Figure II.5 shows the training reported by the seven respondents as being completed during 1995 and 1996.

Appendix II
Profiles of Office of the Assistant Secretary
of the Navy (Financial Management and
Comptroller) Respondents

Figure II.5: Training Reported by
ASN/FM&C Financial Managers as
Being Completed During 1995 and
1996



A review of the profiles showed

- total receiving accounting-related training: two civilians,
- total receiving financial-related training: two civilians,
- total receiving training in general topics: six civilians, and
- total not receiving training: one officer.

Professional Certifications Held

A review of the profiles showed that, of the two respondents reporting one or more professional certifications,

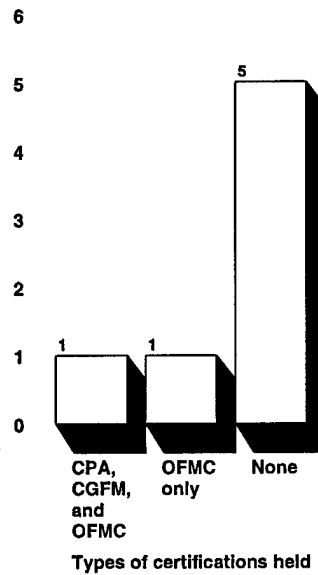
- one civilian was a CPA and CGFM and held another financial certification and
- the officer held another financial management certification.

Appendix II
Profiles of Office of the Assistant Secretary
of the Navy (Financial Management and
Comptroller) Respondents

Five civilians did not hold any professional certifications. Figure II.6 shows the types of professional certifications reported by the ASN/FM&C financial managers.

**Figure II.6: Professional Certifications
Reported by ASN/FM&C Financial
Managers**

7 Number of managers (total = 7 respondents)



CPA: Certified Public Accountant

CGFM: Certified Government Financial Manager

OFMC: Other financial management certifications

Profiles of Navy Operational Command and Installation Respondents

The four Navy operational commands included in this review, shown below, managed o&m and working capital fund budgets totaling \$10.8 billion during fiscal year 1997:

- U.S. Atlantic Fleet,
- U.S. Pacific Fleet,
- U.S. Navy in Europe, and
- Military Sealift Command.

Surveys were distributed to 128 financial managers; 74 responded, representing the four operational commands¹ and 34 of their 50 installations. Table III.1 shows the number of installations responding by major command, the number of key financial managers surveyed within each command, and the number responding to this review. The table also shows the o&m funding budgeted for fiscal year 1997 for three of the major commands, and the working capital fund budget for the Military Sealift Command.

Table III.1: Navy Operational Commands' Key Financial Manager Population and Respondents and Budgets for Fiscal Year 1997

Commands (and number of installations) responding	Financial managers surveyed	Financial manager respondents	Budgets (in billions)
U.S. Atlantic Fleet (15)	55	27	\$4.6
U.S. Pacific Fleet (12)	50	27	4.8
U.S. Navy in Europe (2)	9	8	.3
Military Sealift Command (5)	14	12	1.1
Total (34)	128	74	\$10.8

Note: Budgets are operation and maintenance for each command, except the Military Sealift Command (MSC). MSC is a working capital fund activity.

The 74 respondents included 29 comptrollers, 18 deputy comptrollers, and 27 budget officers. Table III.2 shows the officer and civilian composition of the respondents, by rank and grade, respectively.

¹As the Naval Facilities Engineering Command's two construction battalions are operational in nature, they are included in our review of operational organizations.

Appendix III
Profiles of Navy Operational Command and
Installation Respondents

**Table III.2: Number of Officer and
 Civilian Respondents**

Officers		Civilians	
Rank	Number	Grade	Number
Rear Admiral (O-7)	0	Senior Executive	1
Captain (O-6)	5	15	6
Commander (O-5)	11	14	6
Lieutenant Commander (O-4)	3	13	16
Lieutenant (O-3)	4	12	20
Lieutenant (junior grade) (O-2)	0	11	2
Total	23	Total	51

Formal Education Attained

As shown in table III.3, 58 of the 74 respondents held bachelor's degrees, with 1 reporting two majors. The major for 15 of these managers was accounting, while 27 managers reported other business-related majors.

**Table III.3: Bachelor's Degree Majors
 Reported by Navy Operational
 Command and Installation Financial
 Managers**

Majors	Number of bachelor's degree majors		Total degrees by major
	Officers	Civilians	
Accounting	2	13	15
Other business	12	15	27
Nonbusiness	9	8	17
Total degrees	23	36	59

As shown in table III.4, 31 respondents also held master's degrees, with 3 reporting more than one major. Three managers held a master's degree in accounting, while 25 managers listed one or more other business-related majors.

**Table III.4: Master's Degree Majors
 Reported by Navy Operational
 Command and Installation Financial
 Managers**

Majors	Number of master's degree majors		Total degrees by major
	Officers	Civilians	
Accounting	2	1	3
Other business	19	7	26
Nonbusiness	2	3	5
Total degrees	23	11	34

Sixty-eight of the 74 respondents reported completing one or more courses in accounting-related subjects, as follows:

- 1-2 subjects: 9 (3 officers and 6 civilians),
- 3-5 subjects: 16 (4 officers and 12 civilians), and
- 6 or more subjects: 43 (16 officers and 27 civilians).

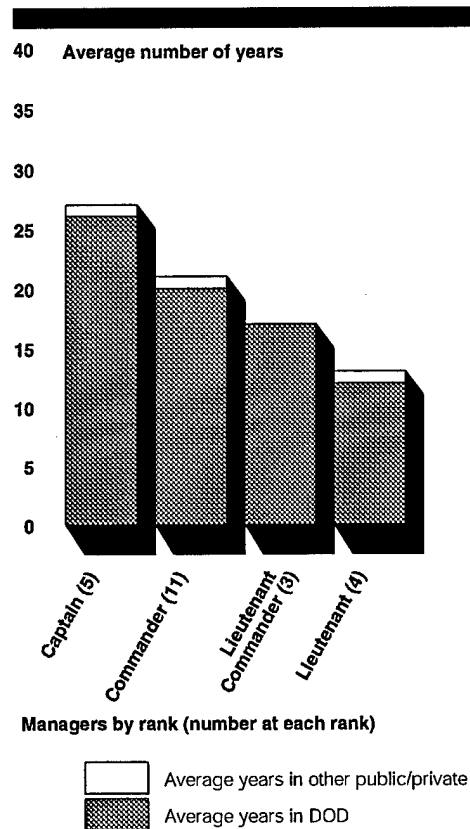
Based solely on a review of their formal education, 14 officers and 27 civilians in the latter group appear to have met the requirements to serve in GS-510 accountant positions.

Professional Work Experience Acquired

A review of the profiles showed that the average number of years of professional work experience was 20 years for the 23 officers, with a range of 9 to 30 years, and 30 years for the 51 civilians, with a range of 12 to 45 years. With two exceptions, the 74 respondents had spent most of their careers in DOD. Figures III.1 and III.2 show the work experience by rank for the officers and by grade for the civilians, respectively.

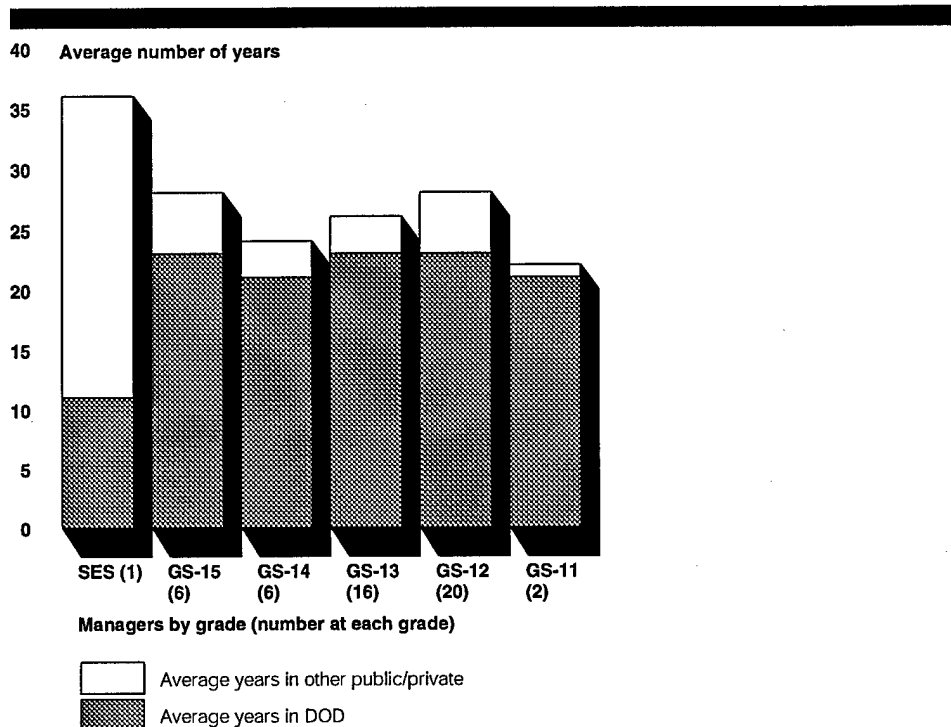
Appendix III
Profiles of Navy Operational Command and
Installation Respondents

Figure III.1: Professional Work
Experience Reported by Navy
Operational Command and Installation
Financial Managers—Officers



Appendix III
Profiles of Navy Operational Command and
Installation Respondents

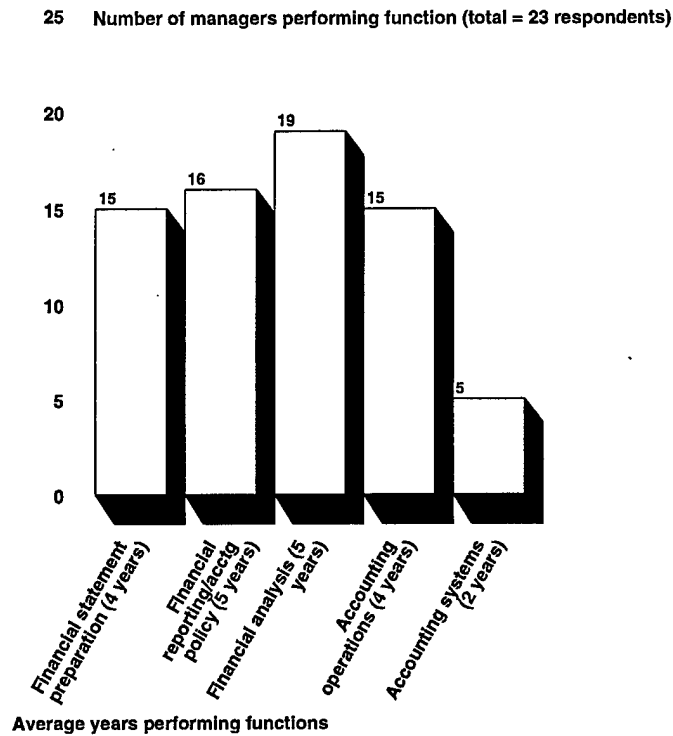
**Figure III.2: Professional Work
Experience Reported by Navy
Operational Command and Installation
Financial Managers—Civilians**



Figures III.3 and III.4 show the number of officers and civilians who indicated that they had performed each financial management function previously outlined at sometime during their careers, and the average number of years of experience in each function. Financial analysis was the function performed most frequently. A review of the profiles also showed that 16 officers and 33 civilians had performed three or more of these functions.

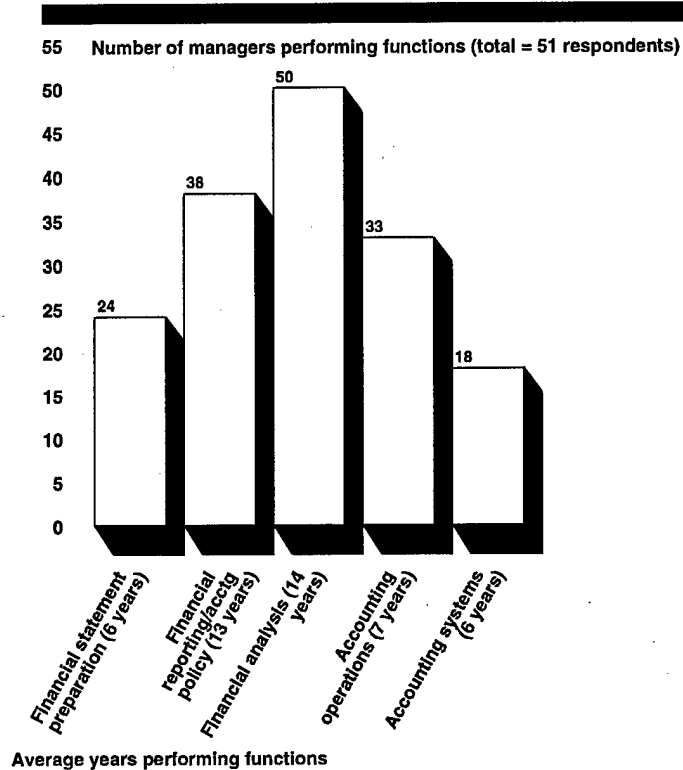
Appendix III
Profiles of Navy Operational Command and
Installation Respondents

**Figure III.3: Experience in Financial
Management Functions Reported by
Navy Operational Command and
Installation Financial
Managers—Officers**



Appendix III
Profiles of Navy Operational Command and
Installation Respondents

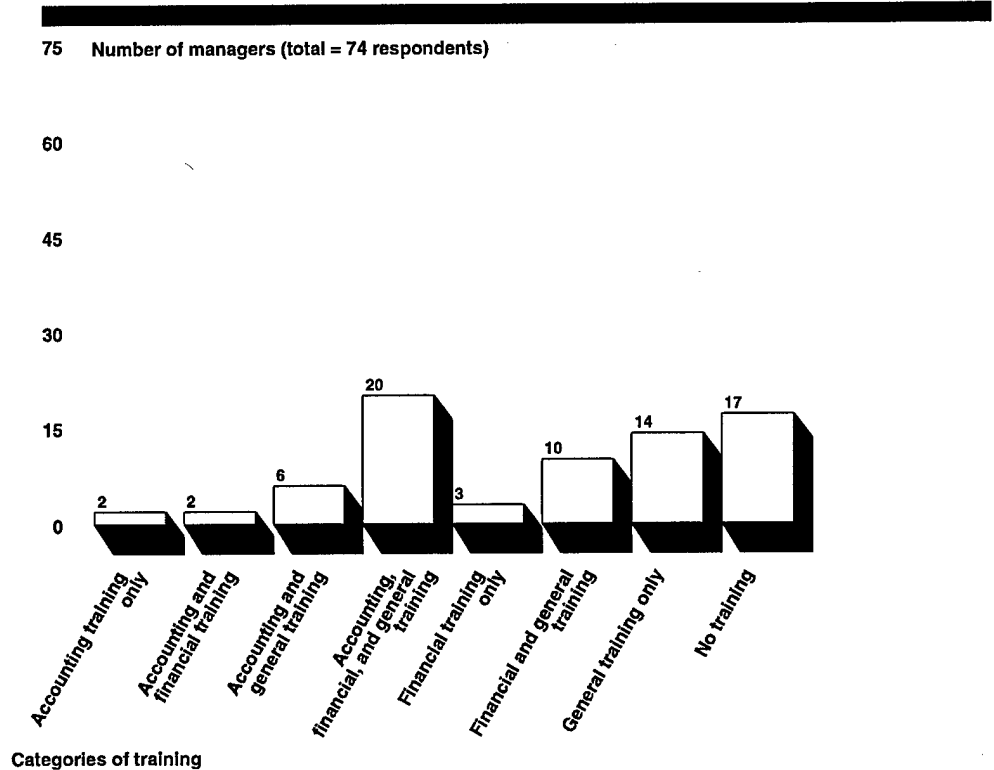
Figure III.4: Experience in Financial
Management Functions Reported by
Navy Operational Command and
Installation Financial
Managers—Civilians



Training Completed
During 1995 and 1996

Figure III.5 shows the training reported by the 74 respondents as being completed during 1995 and 1996.

Figure III.5: Training Reported by Navy Operational Command and Installation Financial Managers as Being Completed During 1995 and 1996



A review of the profiles showed

- total receiving accounting-related training: 30 (9 officers and 21 civilians),
- total receiving financial-related training: 35 (11 officers and 24 civilians),
- total receiving training in general topics: 50 (10 officers and 40 civilians), and
- total not receiving training: 17 (9 officers and 8 civilians).

Professional Certifications Held

A review of the profiles showed that, of the 17 managers reporting one or more professional certificates,

- 4 were CPAS (1 officer and 3 civilians),
- 10 were CGFMS (1 officer and 9 civilians),
- 3 held other financial management certifications (2 officers and 1 civilian), and

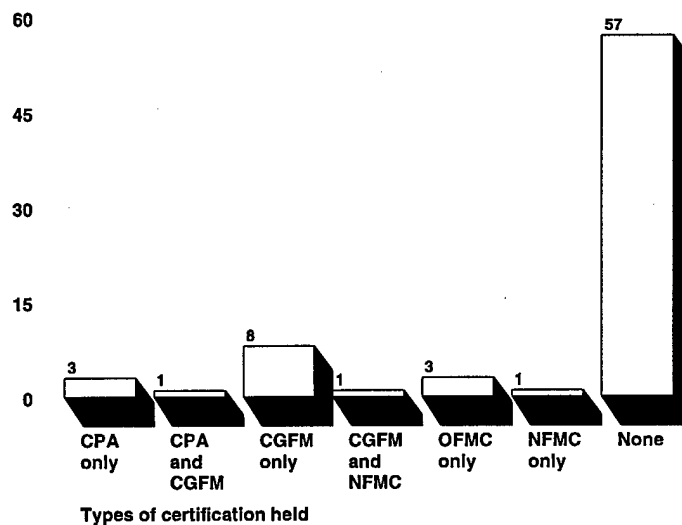
Appendix III
Profiles of Navy Operational Command and
Installation Respondents

- 2 held nonfinancial management certifications (1 officer and 1 civilian).

Of the 57 managers that did not hold any professional certifications, 19 were officers and 38 were civilians. Figure III.6 shows the types of professional certifications reported by the Navy operational command and installation financial managers.

Figure III.6: Professional Certifications Reported by Navy Operational Command and Installation Financial Managers

75 Number of managers (total = 74 respondents)



CPA: Certified Public Accountant

CGFM: Certified Government Financial Manager

OFMC: Other financial management certifications

NFMC Nonfinancial management certifications

Profiles of Chief of Naval Education and Training (CNET) and Installation Respondents

CNET managed an O&M budget of \$1.1 billion for fiscal year 1997. Twelve of the 17 key financial managers from CNET (representing six of its seven installations) provided information on their qualifications and experience, including 6 comptrollers, 1 deputy comptroller, and 5 budget officers. Table IV.1 shows the officer and civilian composition of the 12 respondents, by grade and rank, respectively.

Table IV.1: Number of Officer and Civilian Respondents

Officers		Civilians	
Rank	Number	Grade	Number
Rear Admiral (O-7)	0	Senior Executive	1
Captain (O-6)	0	15	1
Commander (O-5)	1	14	1
Lieutenant Commander (O-4)	0	13	1
Lieutenant (O-3)	0	12	5
Lieutenant (junior grade) (O-2)	0	11	2
Total	1	Total	11

Formal Education Attained

As shown in table IV.2, 10 respondents held bachelor's degrees, with 1 reporting more than one major. Five managers majored in accounting, while four managers reported other business-related majors.

Table IV.2: Bachelor's Degree Majors Reported by Naval Education and Training Command and Installation Financial Managers

Majors	Number of bachelor's degree majors		Total degrees by major
	Officers	Civilians	
Accounting	0	5	5
Other business	0	4	4
Nonbusiness	1	1	2
Total degrees	1	10	11

As shown in table IV.3, two respondents also held master's degrees, with one reporting two majors. The major for one of the two managers was business related.

Appendix IV
Profiles of Chief of Naval Education and
Training (CNET) and Installation
Respondents

Table IV.3: Master's Degree Majors
Reported by Naval Education and
Training Command and Installation
Financial Managers

Majors	Number of master's degree majors		Total degrees by major
	Officers	Civilians	
Accounting	0	0	0
Other business	0	1	1
Nonbusiness	2	0	2
Total degrees	2	1	3

Nine of the 12 respondents reported completing one or more courses in accounting-related subjects, as follows:

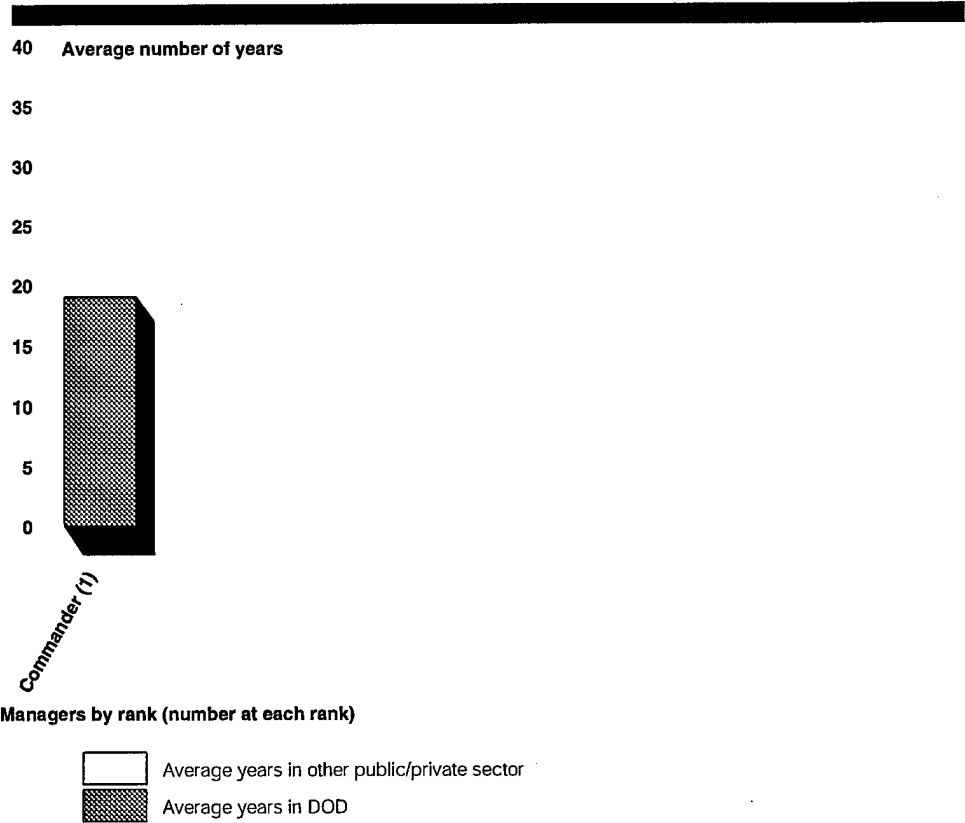
- 1-2 subjects: 1 officer,
- 3-5 subjects: 2 civilians, and
- 6 or more subjects: 6 civilians.

Based solely on a review of their formal education, the six civilians in the latter group appear to have met the requirements to serve in GS-510 accountant positions.

Professional Work Experience Acquired

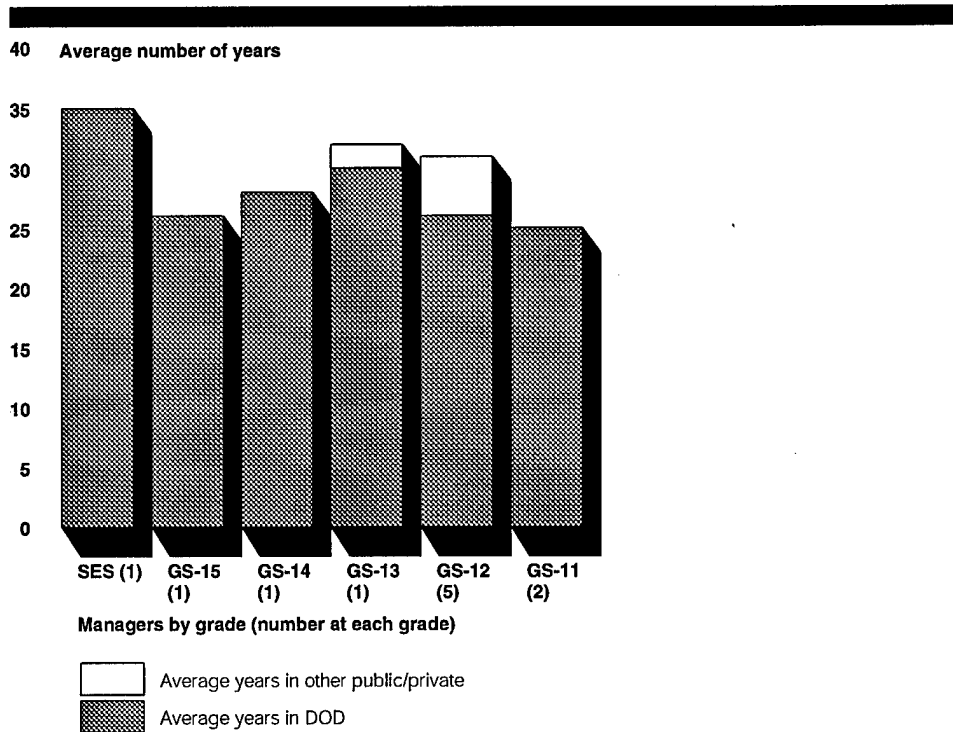
A review of the profiles showed that the number of years of professional work experience for the officer was 19 years and the average number of years was 30 years for the 11 civilians, with a range of 14 to 37 years. The respondents had spent most of their careers in DOD. Figures IV.1 and IV.2 show the average number of years of work experience by rank for the officer and by grade for the 11 civilians, respectively.

Figure IV.1: Professional Work
Experience Reported by Naval
Education and Training Command and
Installation Financial
Managers—Officers



Appendix IV
Profiles of Chief of Naval Education and
Training (CNET) and Installation
Respondents

Figure IV.2: Professional Work Experience Reported by Naval Education and Training Command and Installation Financial Managers—Civilians



Figures IV.3 and IV.4 show the number of officers and civilians who indicated that they had performed each financial management function previously outlined at sometime during their careers, and the average number of years of experience in each function. The financial management function performed most frequently was financial analysis. A review of the profiles also showed that the officer and six civilians had performed three or more of these functions.

Appendix IV
Profiles of Chief of Naval Education and
Training (CNET) and Installation
Respondents

Figure IV.3: Experience in Financial
Management Functions Reported by
Naval Education and Training
Command and Installation Financial
Managers—Officers

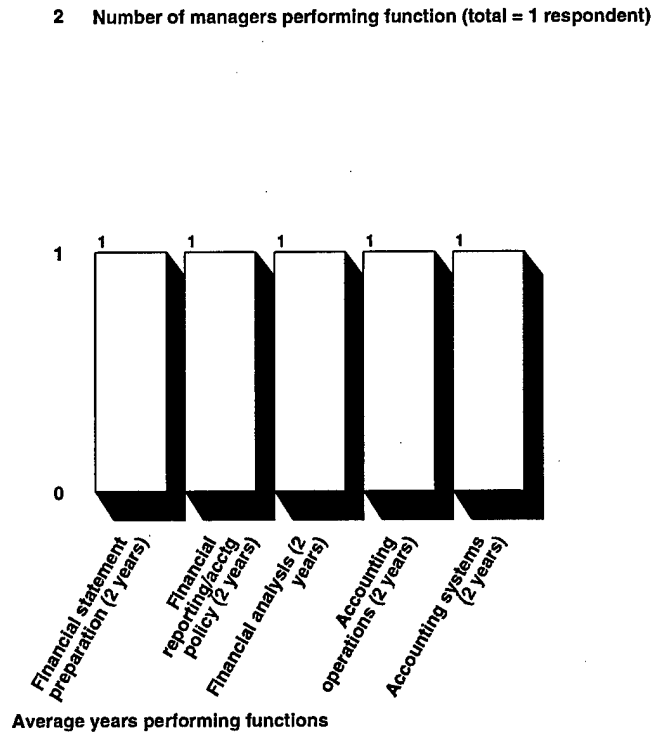
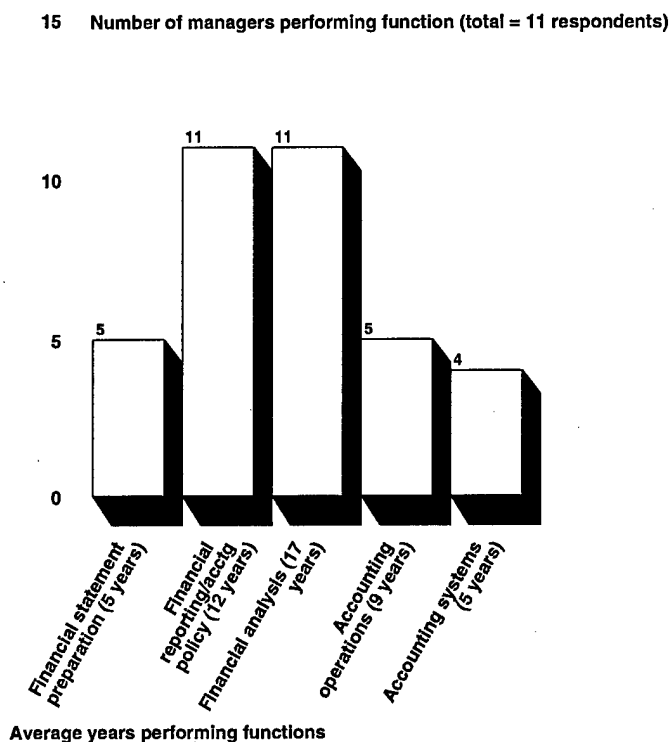


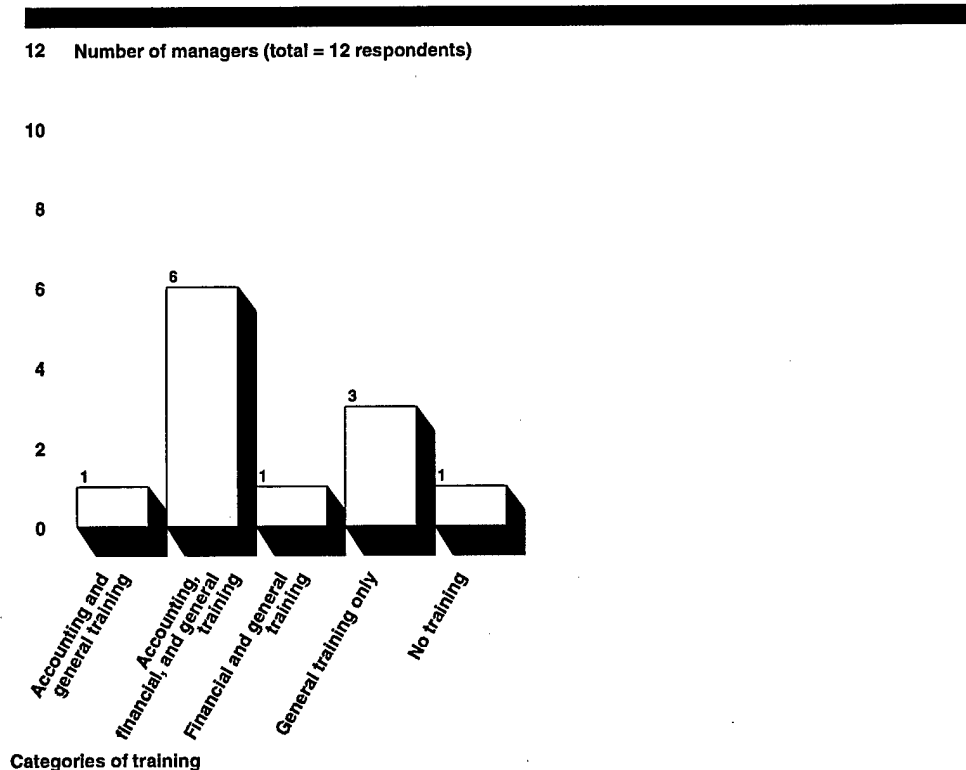
Figure IV.4: Experience in Financial Management Functions Reported by Naval Education and Training Command and Installation Financial Managers—Civilians



Training Completed During 1995 and 1996

Figure IV.5 shows the training reported by 12 respondents as being completed during 1995 and 1996.

**Figure IV.5: Training Reported by
Naval Education and Training
Command and Installation Financial
Managers as Being Completed During
1995 and 1996**



A review of the profiles showed

- total receiving accounting-related training: 7 (1 officer and 6 civilians),
- total receiving financial-related training: 7 (1 officer and 6 civilians),
- total receiving training in general topics: 11 (1 officer and 10 civilians), and
- total not receiving training: 1 civilian.

Professional Certifications Held

None of the 12 respondents reported holding professional certifications.

Profiles of Navy Working Capital Fund Respondents

The 28 Navy working capital fund installations, including shipyards, weapons centers, aviation depots, supply centers, and public work centers, managed a fiscal year 1997 budget of \$12.5 billion budget, derived from their customers' o&m accounts. Forty-nine¹ of the 79 financial managers at the Naval Sea Systems Command, Naval Air Systems Command, Naval Supply Systems Command, and Naval Facilities Engineering Command and 19 of their installations provided information on their qualifications and experience. The 49 respondents included 18 comptrollers, 14 deputy comptrollers, 15 budget officers, and 2 working capital fund managers. Table V.1 provides the ranks of the 8 officers and grades of the 41 civilians.

Table V.1: Number of Officer and Civilian Respondents

Officers		Civilians	
Rank	Number	Grade	Number
Rear Admiral (O-7)	0	Senior Executive	3
Captain (O-6)	5	15	9
Commander (O-5)	2	14	12
Lieutenant Commander (O-4)	1	13	10
Lieutenant (O-3)	0	12	6
Lieutenant (junior grade) (O-2)	0	11	1
Total	8	Total	41

Formal Education Attained

As shown in table V.2, 44 of the 49 respondents held bachelor's degrees, with 1 reporting more than one major. Fifteen managers majored in accounting, while 20 managers reported other business-related majors.

Table V.2: Bachelor's Degree Majors Reported by Navy Working Capital Fund Financial Managers

Major	Number of bachelor's degree majors		Total degrees by major
	Officers	Civilians	
Accounting	1	14	15
Other business	5	15	20
Nonbusiness	3	7	10
Total degrees	9	36	45

¹The comptrollers and deputy comptrollers at Naval Sea Systems Command and Naval Air Systems Command and the budget officer at Naval Air Systems Command were included in our review of the working capital fund and systems command financial managers because these officials have oversight responsibilities in both organizations.

As shown in table V.3, 23 respondents also held master's degrees, with 1 reporting two majors. One manager reported a master's degree in accounting and 17 managers listed other business-related majors.

**Table V.3: Master's Degree Majors
Reported by Navy Working Capital
Fund Financial Managers**

Majors	Number of master's degree majors		Total degrees by major
	Officers	Civilians	
Accounting	0	1	1
Other business	7	10	17
Nonbusiness	2	4	6
Total degrees	9	15	24

Forty-eight of the 49 respondents reported completing one or more courses in accounting-related subjects, as follows:

- 1-2 subjects: 4 (1 officer and 3 civilians),
- 3-5 subjects: 13 (3 officers and 10 civilians), and
- 6 or more subjects: 31 (4 officers and 27 civilians).

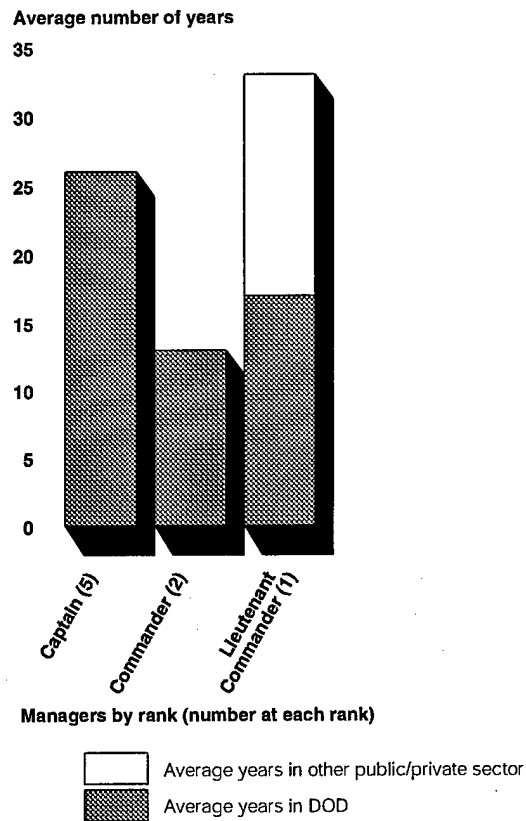
Based solely on a review of their formal education, the 4 officers and 26 civilians in the latter group appear to have met the requirements to serve in GS-510 accountant positions.

Professional Work Experience Acquired

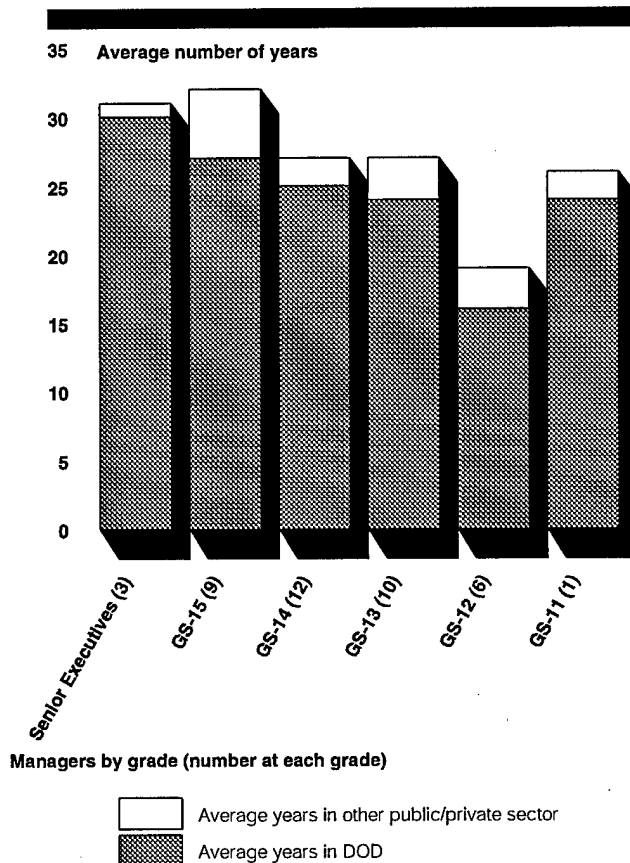
A review of the profiles showed that the average number of years of professional work experience was 24 years for the 8 officers, with a range of 4 to 33 years, and 27 years for the 41 civilians, with a range of 8 to 55 years. The respondents had spent most of their careers in DOD. Figures V.1 and V.2 show the average number of years of work experience by rank for the officers and by grade for the civilians, respectively.

Appendix V
Profiles of Navy Working Capital Fund
Respondents

**Figure V.1: Professional Work
Experience Reported by Navy Working
Capital Fund Financial
Managers—Officers**



**Figure V.2: Professional Work
Experience Reported by Navy Working
Capital Fund Financial
Managers—Civilians**



Figures V.3 and V.4 show the number of officers and civilians who indicated that they had performed each financial management function previously outlined at sometime during their careers, and the average number of years of experience in each function. The financial management function performed most frequently was financial analysis. A review of the profiles also showed that 6 officers and 27 civilians had performed three or more of these functions.

Appendix V
Profiles of Navy Working Capital Fund
Respondents

Figure V.3: Experience in Financial
Management Functions Reported by
Navy Working Capital Fund Financial
Managers—Officers

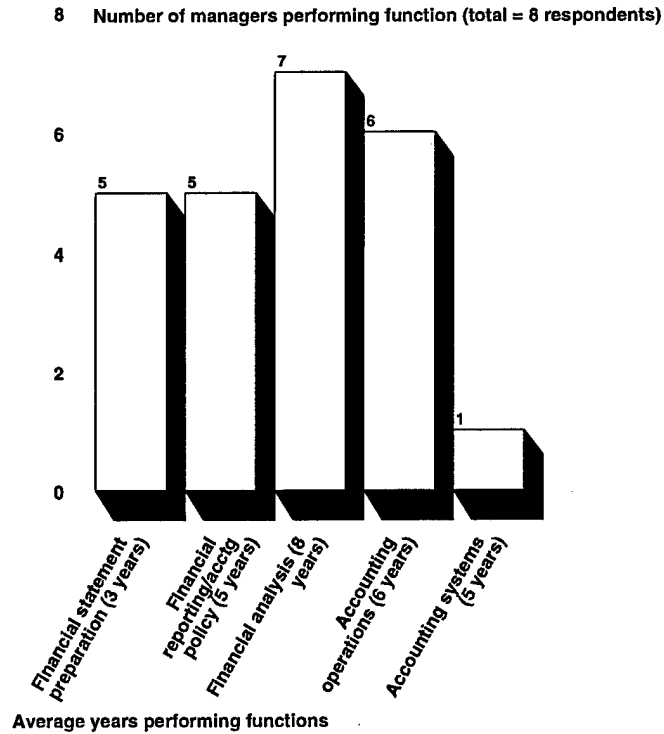
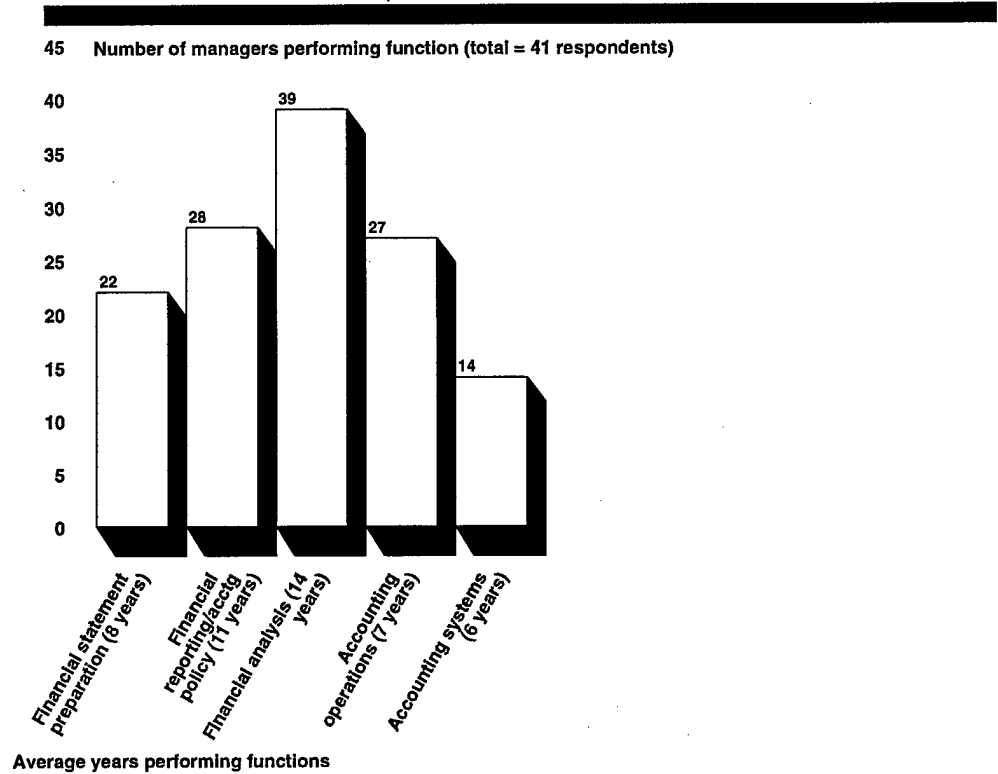


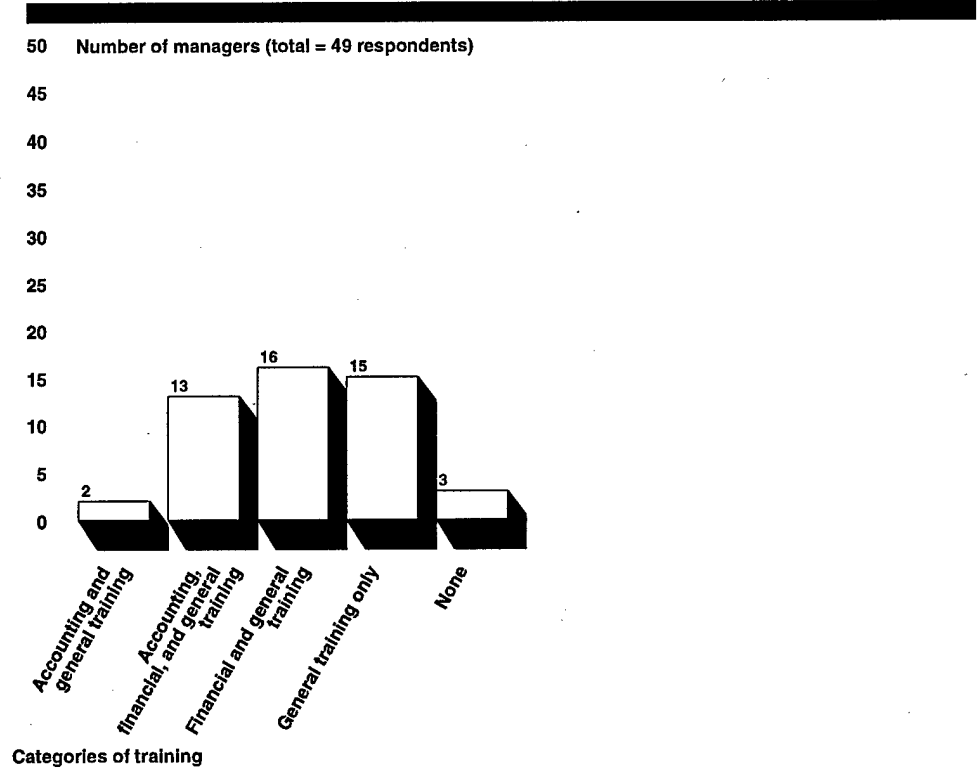
Figure V.4: Experience in Financial Management Functions Reported by Navy Working Capital Fund Financial Managers—Civilians



Training Completed During 1995 and 1996

Figure V.5 shows the training reported by the 49 respondents as being completed during 1995 and 1996.

Figure V.5: Training Reported by Navy Working Capital Fund Financial Managers as Being Completed During 1995 and 1996



A review of the profiles showed

- total receiving accounting-related training: 15 (3 officers and 12 civilians),
- total receiving financial-related training: 29 (3 officers and 26 civilians),
- total receiving training in general topics: 46 (7 officers and 39 civilians), and
- total not receiving training: 3 (1 officer and 2 civilians).

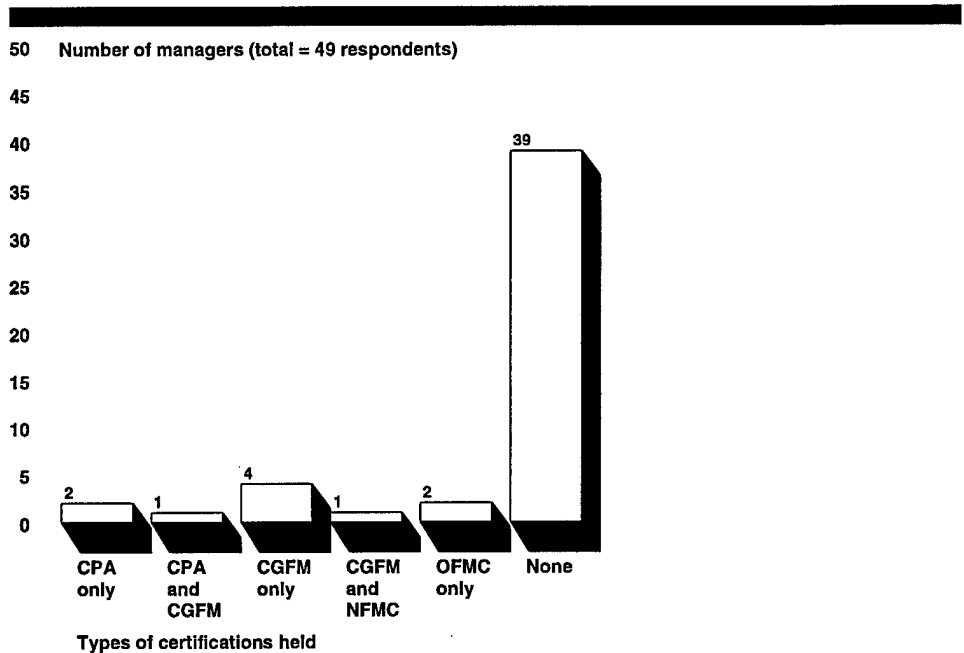
Professional Certifications Held

A review of the profiles showed that, of the 10 managers holding one or more professional certifications,

- 3 civilians were CPAS,
- 6 were CGFMS (1 officer and 5 civilians),
- 2 civilians held other financial management certifications, and
- 1 civilian held nonfinancial management certifications.

Of the 39 managers that did not hold any professional certifications, 7 were officers and 32 were civilians. Figure V.6 shows the types of professional certifications reported by the Navy working capital fund key financial managers.

Figure V.6: Professional Certifications Reported by Navy Working Capital Fund Financial Managers



CPA: Certified Public Accountant

CGFM: Certified Government Financial Manager

OFMC: Other financial management certifications

NFMC: Nonfinancial management certifications

Profiles of Navy Systems Command Respondents

In addition to overseeing their respective working capital fund activities, the Naval Sea Systems Command and Naval Air Systems Command also have oversight of the development of Navy systems. These commands managed an O&M budget of \$5.0 billion, a RDT&E budget of \$4.5 billion, and a procurement budget of \$15.3 billion during fiscal year 1997.

Twenty-four of the 37 key financial managers at these commands¹ and 9 of their 13 installations provided information on their qualifications and experience. The 24 included 9 comptrollers, 7 deputy comptrollers, and 8 budget officers. Table VI.1 shows the officer and civilian composition of the 24 respondents.

Table VI.1: Number of Officer and Civilian Respondents

Officers		Civilians	
Rank	Number	Grade	Number
Rear Admiral (O-7)	0	Senior Executive	2
Captain (O-6)	2	15	8
Commander (O-5)	0	14	7
Lieutenant Commander (O-4)	0	13	5
Lieutenant (O-3)	0	12	0
Lieutenant (junior grade) (O-2)	0	11	0
Total	2	Total	22

Formal Education Attained

As shown in table VI.2, 23 of the 24 respondents held bachelor's degrees, with 1 also reporting two majors. Seven of these managers majored in accounting, while 10 managers reported other business-related majors.

Table VI.2: Bachelor's Degree Majors Reported by Navy Systems Command Financial Managers

Majors	Number of bachelor's degree majors		Total degrees by major
	Officers	Civilians	
Accounting	0	7	7
Other business	2	8	10
Nonbusiness	0	7	7
Total degrees	2	22	24

¹The comptrollers and deputy comptrollers at Naval Sea Systems Command and Naval Air Systems Command and the budget officer at Naval Air Systems Command were included in our review of the working capital fund and systems command financial managers because these officials have oversight responsibilities in both organizations.

As shown in table VI.3, 12 respondents also held master's degrees. One manager reported a master's degree in accounting and eight managers listed other business-related majors.

**Table VI.3: Master's Degree Majors
Reported by Navy Systems Command
Financial Managers**

Majors	Number of master's degree majors		Total degrees by major
	Officers	Civilians	
Accounting	0	1	1
Other business	2	6	8
Nonbusiness	0	3	3
Total degrees	2	10	12

Twenty-three of the 24 respondents reported completing one or more courses in accounting-related subjects, as follows:

- 1-2 subjects: 2 civilians,
- 3-5 subjects: 7 civilians, and
- 6 or more subjects: 14 (2 officers and 12 civilians).

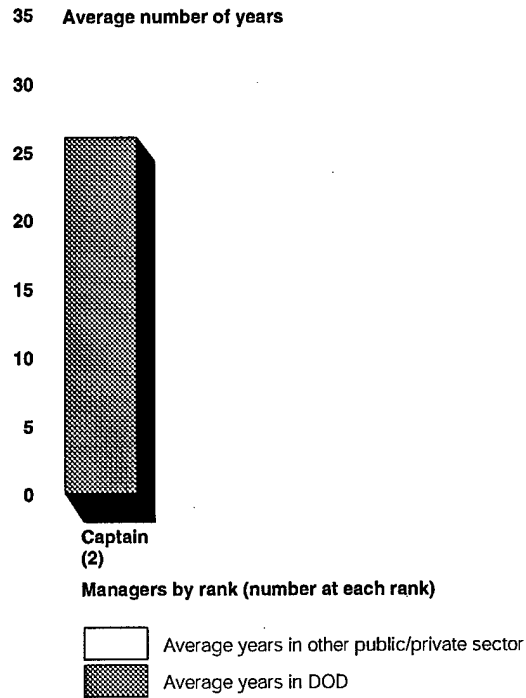
Based solely on a review of their formal education, the respondents in the latter group appear to have met the requirements to serve in GS-510 accountant positions.

Professional Work Experience Acquired

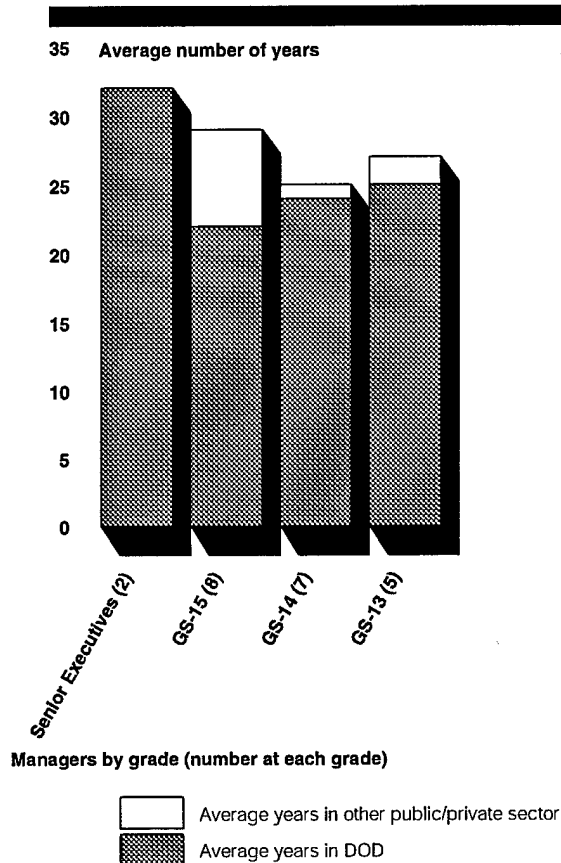
A review of the profiles showed that the average years of professional work experience was 26 years for the 2 officers, with a range of 24 to 27 years, and 27 years for the 22 civilians, with a range of 16 to 55 years. With one exception, the respondents had spent most of their careers in DoD. Figures VI.1 and VI.2 show the average number of years of work experience by rank for the 2 officers and by grade for the 22 civilians, respectively.

Appendix VI
Profiles of Navy Systems Command
Respondents

Figure VI.1: Professional Work
Experience Reported by Navy Systems
Command Financial
Managers—Officers



**Figure VI.2: Professional Work
Experience Reported by Navy Systems
Command Financial
Managers—Civilians**



Figures VI.3 and VI.4 show the number of officers and civilians who indicated that they had performed each financial management function previously outlined at sometime during their careers and the average number of years of experience in each function. The financial management function performed most frequently was financial analysis. A review of the profiles also showed that one officer and nine civilians had performed three or more of these functions.

Figure VI.3: Experience in Financial Management Functions Reported by Navy Systems Command Financial Managers—Officers

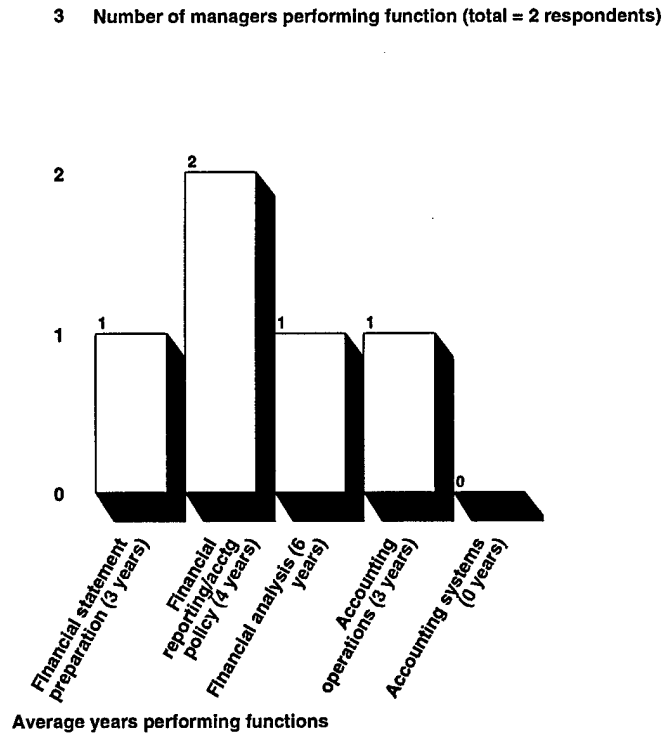
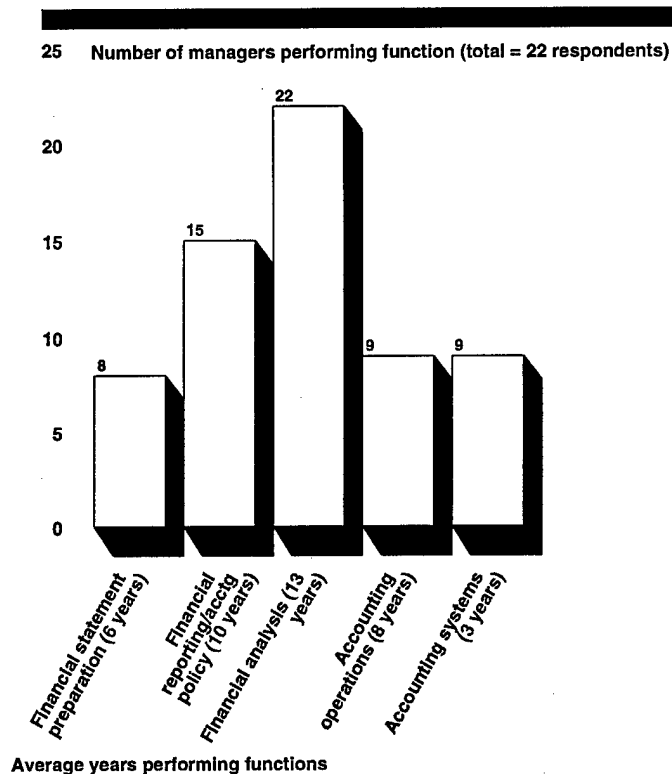


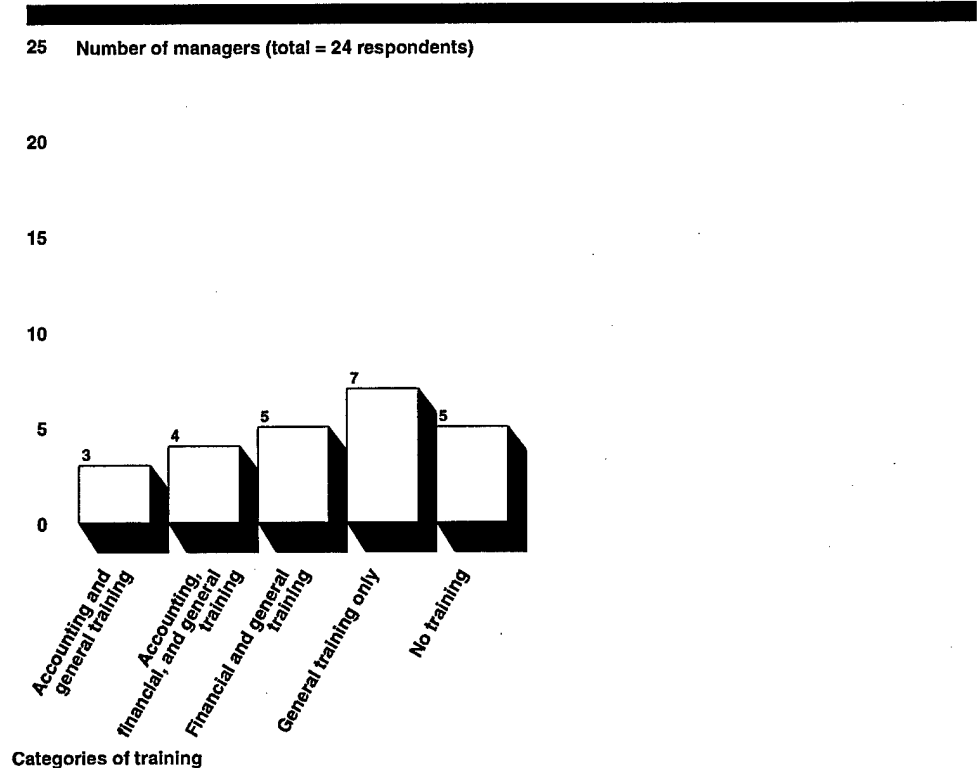
Figure VI.4: Experience in Financial Management Functions Reported by Navy Systems Command Financial Managers—Civilians



Training Completed During 1995 and 1996

Figure VI.5 shows the training reported by the 24 respondents as being completed during 1995 and 1996.

Figure VI.5: Training Reported by Navy Systems Command Financial Managers as Being Completed During 1995 and 1996



A review of the profiles showed

- total receiving accounting-related training: 7 (1 officer and 6 civilians),
- total receiving financial-related training: 9 (1 officer and 8 civilians),
- total receiving training in general topics: 19 (2 officers and 17 civilians), and
- total not receiving training: 5 civilians.

Professional Certifications Held

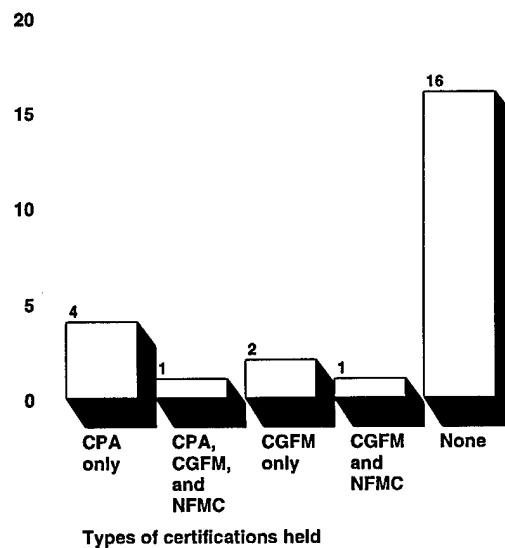
A review of the profiles showed that, of the eight managers reporting one or more professional certifications,

- five civilians were CPAS,
- four were CGFMS (one officer and three civilians), and
- two civilians held nonfinancial management certifications.

Of the 16 managers that did not hold any professional certifications, 1 was an officer and 15 were civilians. Figure VI.6 shows the types of professional certifications reported by the Navy systems command key financial managers.

Figure VI.6: Professional Certifications Reported by Navy Systems Command Financial Managers

25 Number of managers (total = 24 respondents)



CPA: Certified Public Accountant

CGFM: Certified Government Financial Manager

OFMC: Other financial management certifications

NFMC: Nonfinancial management certifications

Profiles of Marine Corps Respondents

The Marine Corps managed an o&m budget of \$1.8 billion, a RDT&E budget of \$266.4 million, and a procurement budget of \$580.7 million during fiscal year 1997. Thirty-three of the 44 key financial managers (representing the Headquarters, U.S. Marine Corps and 12 of its 17 commands and installations) provided information on their qualifications and experience, including 11 comptrollers, 9 deputy comptrollers, and 13 budget officers. Table VII.1 shows the officer and civilian composition of the respondents by rank and grade, respectively.

Table VII.1: Number of Officer and Civilian Respondents

Officers		Civilians	
Rank	Number	Grade	Number
Brigadier General (O-7)	0	Senior Executive	1
Colonel (O-6)	3	15	5
Lieutenant Colonel (O-5)	3	14	5
Major (O-4)	4	13	6
Captain (O-3)	1	12	4
First Lieutenant (O-2)	0	11	1
Total	11	Total	22

Formal Education Attained

As shown in table VII.2, 29 of the 33 respondents held bachelor's degrees. Six managers majored in accounting, while 14 managers reported other business-related majors.

Table VII.2: Bachelor's Degree Majors Reported by Marine Corps Financial Managers

Majors	Number of bachelor's degree majors		Total degrees by major
	Officers	Civilians	
Accounting	1	5	6
Other business	5	9	14
Nonbusiness	5	4	9
Total degrees	11	18	29

As shown in table VII.3, 13 respondents also held master's degrees, with 3 reporting more than one major. The majors for these managers were business related.

**Table VII.3: Master's Degree Majors
Reported by Marine Corps Financial
Managers**

Majors	Number of master's degree majors		Total degrees by major
	Officers	Civilians	
Accounting	0	0	0
Other business	11	5	16
Nonbusiness	0	0	0
Total degrees	11	5	16

Twenty-nine of the 33 respondents reported completing one or more courses in accounting-related subjects, as follows:

- 1-2 subjects: 2 civilians,
- 3-5 subjects: 7 (2 officers and 5 civilians), and
- 6 or more subjects: 20 (8 officers and 12 civilians).

Based solely on a review of their formal education, the respondents in the latter group appear to have met the requirements to serve in GS-510 accountant positions.

Professional Work Experience Acquired

A review of the profiles showed that the average years of professional work experience was 21 years for the 11 officers, with a range of 15 to 28 years, and 26 years for the 22 civilians, with a range of 12 to 42 years. The respondents had spent most of their careers in DOD. Figures VII.1 and VII.2 show the average number of years of work experience by rank for the officers and by grade for the civilians, respectively.

Appendix VII
Profiles of Marine Corps Respondents

Figure VII.1: Professional Work Experience Reported by Marine Corps Financial Managers—Officers

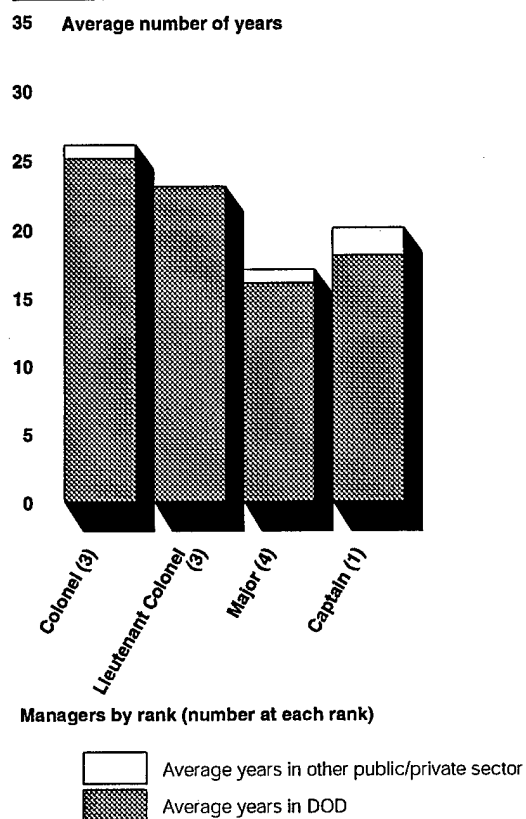
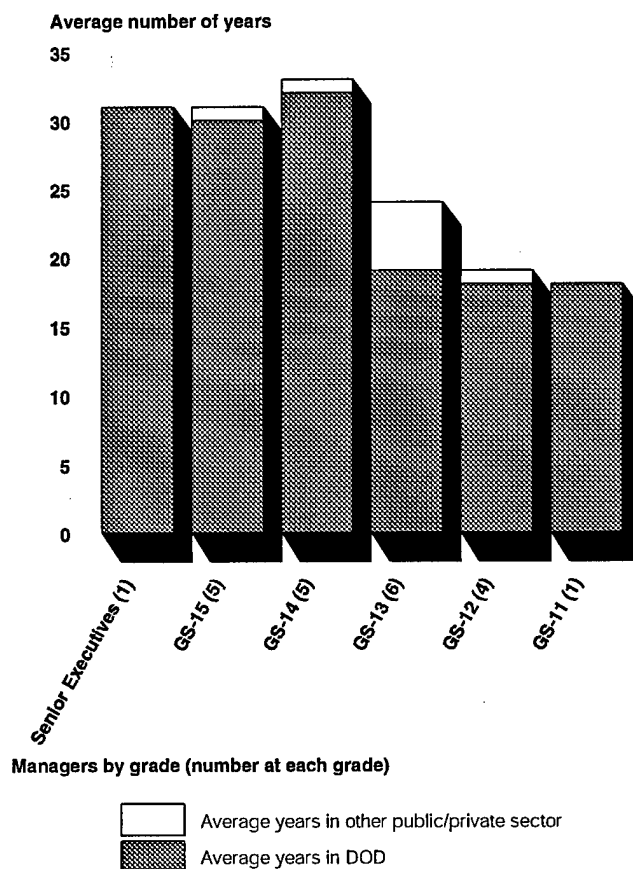


Figure VII.2: Professional Work Experience Reported by Marine Corps Financial Managers—Civilians



Figures VII.3 and VII.4 show the number of officers and civilians who indicated that they had performed each financial management function previously outlined at sometime during their careers, and the average number of years of experience in each function. The financial management function performed most frequently was financial analysis. A review of the profiles also showed that 7 officers and 13 civilians had performed three or more of these functions.

Figure VII.3: Experience in Financial Management Functions Reported by Marine Corps Financial Managers—Officers

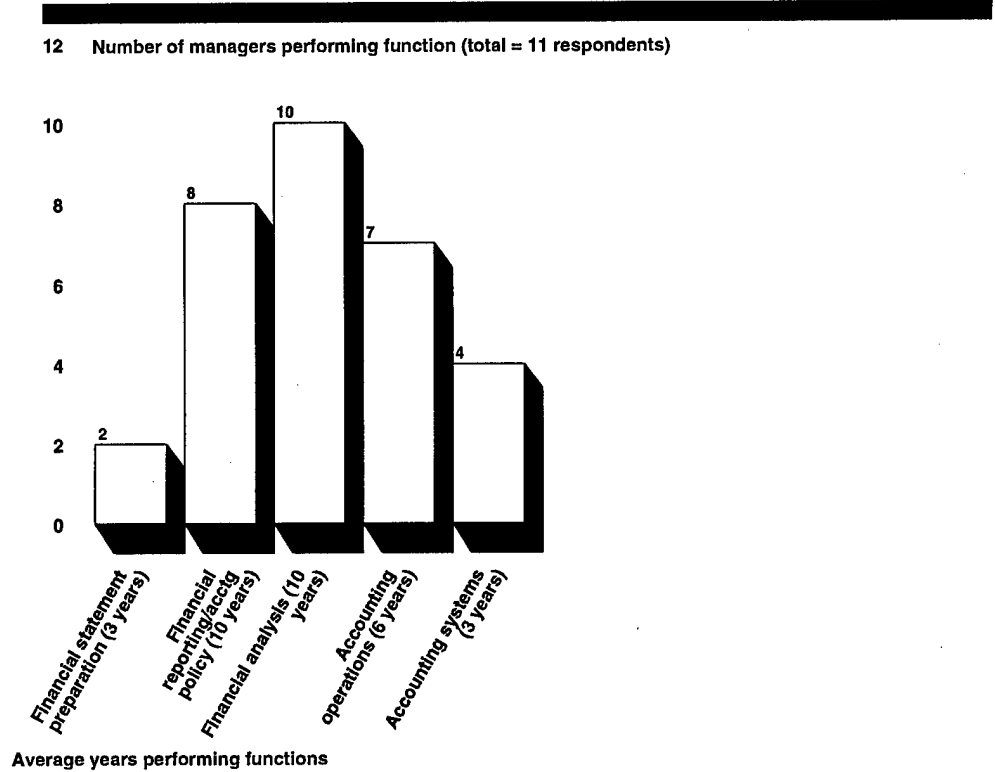
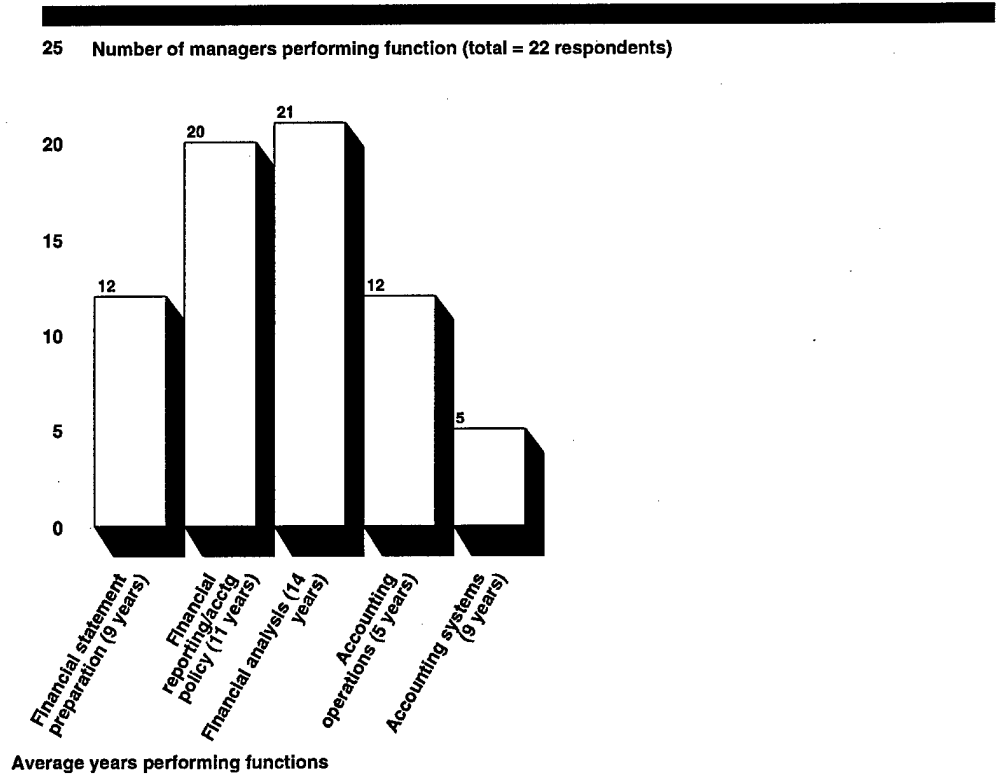


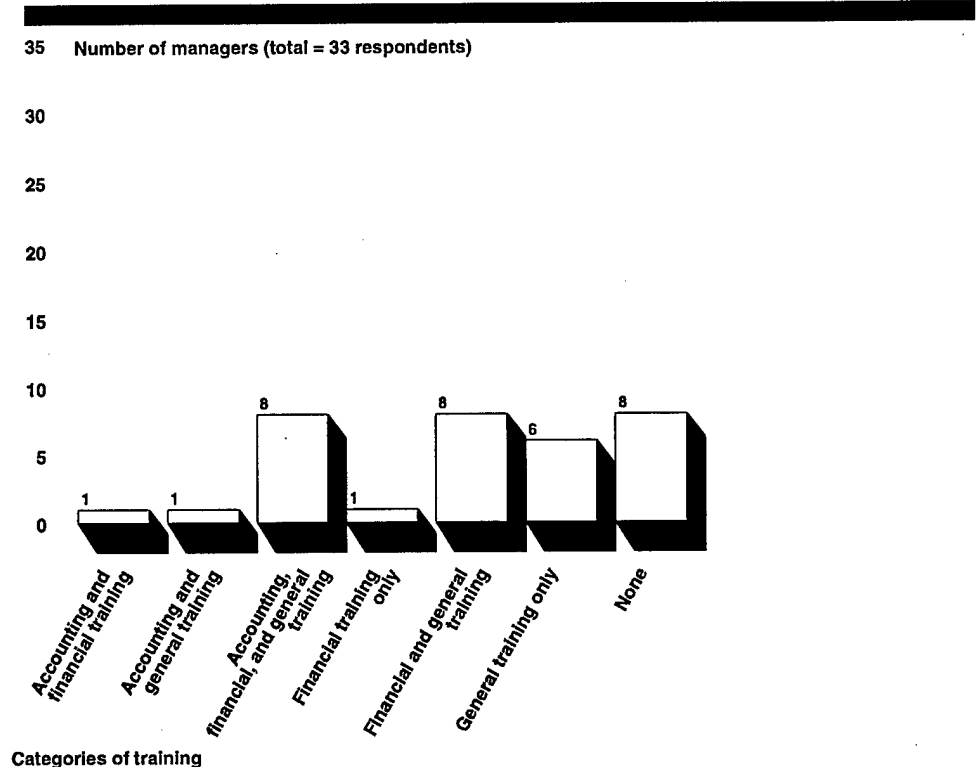
Figure VII.4: Experience in Financial Management Functions Reported by Marine Corps Financial Managers—Civilians



Training Completed During 1995 and 1996

Figure VII.5 shows the training reported by the 33 respondents as being completed during 1995 and 1996.

Figure VII.5: Training Reported by Marine Corps Financial Managers as Being Completed During 1995 and 1996



A review of the profiles showed

- total receiving accounting-related training: 10 (4 officers and 6 civilians),
- total receiving financial-related training: 18 (6 officers and 12 civilians),
- total receiving training in general topics: 23 (5 officers and 18 civilians), and
- total not receiving training: 8 (5 officers and 3 civilians).

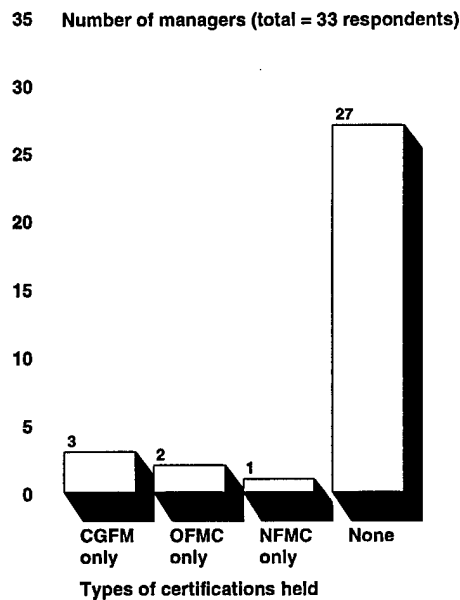
Professional Certifications Held

A review of the profiles showed that, of the six managers holding one or more professional certifications,

- three were CGFMS (one officer and two civilians),
- two civilians held other financial management certifications, and
- one civilian held nonfinancial management certifications.

Of the 27 managers that did not hold any professional certifications, 10 were officers and 17 were civilians. Figure VII.6 shows the types of professional certifications reported by the Marine Corps financial managers.

Figure VII.6: Professional Certifications Reported by Marine Corps Financial Managers



CGFM: Certified Government Financial Manager

OFMC: Other financial management certifications

NFM: Nonfinancial management certifications

Comments From the Department of the Navy



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(FINANCIAL MANAGEMENT AND COMPTROLLER)
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

06 MAR 1998

Mr. Gene L. Dodaro
Assistant Comptroller General
Accounting and Information Management Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Dodaro:

This is the Department of Defense (DoD) response to the General Accounting Office (GAO) draft report "FINANCIAL MANAGEMENT: Profile of Navy and Marine Corps Financial Managers," dated February 25, 1998 (GAO Code 918911/OSD Case 1550).

The Department has reviewed the contents of the draft and appreciates your office sharing the results of its work to compile and profile the credentials of our financial managers. The information will be useful in the Department of the Navy's (DON) continuing efforts to ensure that its military and civilian financial managers are able to address the financial management needs of the Department. While the report draws no conclusions, we would comment on two general areas:

- The report, and the profile instruments used, seem to overly emphasize the accounting discipline. While formal accounting training and experience is becoming increasingly relevant to our financial management working environment, it should be noted that the U.S. Office of Personnel Management position classification standards do not require it for the majority of positions in financial management. Further, the 1991 creation of the Defense Finance and Accounting Service (DFAS) resulted in the capitalization of many DON accounting and accounting related personnel by DFAS.
- Professional certifications, in and of themselves, may not always be a useful indicator. We have chosen to emphasize continuing education as more useful in maintaining a flexible and broad-based financial management workforce.

Your study will be useful in establishing a baseline and assisting us as we continue to encourage the development and advancement of capable and experienced personnel in the DON financial management work force.

The Department appreciates the opportunity to comment on the draft report.

Sincerely,

GLADYS J. COMMONS
Principal Deputy
Assistant Secretary of the Navy
(Financial Management and Comptroller)

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